

JPRS 79364

3 November 1981

Near East/North Africa Report

No. 2426



FOREIGN BROADCAST INFORMATION SERVICE

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3 November 1981

NEAR EAST/NORTH AFRICA REPORT

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INTERNATIONAL AFFAIRS

JOINT STATEMENT ON SENEGAL PRESIDENT'S VISIT TO KUWAIT

LD191348 Kuwait KUNA in Arabic 1000 GMT 19 Oct 81

[Joint statement issued on the occasion of the visit to Kuwait by His Excellency Abdou Diouf, president of the Republic of Senegal]

[Text] In response to an invitation by His Highness the amir of Kuwait, Shaykh Jaber al-Ahmad al-Sabah, His Excellency Abdou Diouf, president of the Republic of Senegal, paid an official visit to the state of Kuwait 17-19 October 1981.

The president was accompanied by the minister of state for foreign affairs, the minister of economy and finance and a large number of senior officials of the Senegalese Government. His excellency and his accompanying delegation were hospitably welcomed.

This reflects the existing good relations between the two countries and their two friendly peoples and the good fraternal relations which link the two leaders.

Official talks between the two heads of state took place in a cordial atmosphere. A number of senior officials from both sides took part in the talks. The talks dealt with the present international situation and bilateral relations between the Republic of Senegal and the state of Kuwait.

While discussing the existing bilateral relations between their two countries, they noted with satisfaction the increasing development of cooperation between them. They expressed their determination to continue developing these relations in various spheres.

When reviewing the international political situation, the two sides stressed the importance of all states intensifying their efforts to strengthen world peace and world security on the basis of the principles of respecting sovereignty, territorial integrity, noninterference in internal affairs and settlements of disputes among states by peaceful means.

When they discussed the delicate and dangerous situation in the Middle East, the two sides stressed that just and lasting peace in the region could not be achieved without Israeli withdrawal from all occupied Arab territories including Jerusalem, and without the Palestinian people regaining their firm and legitimate national rights including the establishment of their own independent state. The two countries

also stressed their support for Palestine Liberation Organization in its capacity as the sole and legitimate representative of the Palestinian people. The two sides also condemned Israel's practices in the occupied Arab territories, which conflict with human rights, and its attempts to change the population character of these territories.

The two sides called on Iraq and Iran to halt the fighting raging between them and to respond to the efforts made by the Islamic Good Offices Committee, the secretary general of the United Nations Organization and the nonaligned states to establish peace and to end the conflict through negotiations.

The two sides stressed their full support for the African people who are struggling for the liquidation of colonialism and all forms of foreign hegemony and for the rule of racial minorities in order to gain their freedom and independence. In this context, the two sides expressed their wish that the international community exercise the necessary pressure on South Africa in order to ensure the independence of Namibia within the framework of the Security Council's Resolution No 435. They also expressed their full support for the struggle of the people of Namibia under the leadership of their sole legitimate representative, SWAPO.

The two sides called for the withdrawal of foreign forces from Afghanistan. They stressed the need for the full respect for Afghanistan's independence, its sovereignty, its territorial safety and its position as a nonaligned state as well as the need not to interfere in its internal affairs. They also stressed the right of the Afghan refugees to return to their homeland and the right of the Afghan people to self-determination without any foreign interference.

The two sides stressed the importance of being committed to the basic principles of the Nonaligned Movement as a basic and important factor for strengthening peace and progress in the world. They also stressed the importance of solidarity and cooperation among the nonaligned states and their rejection to all attempts aimed at splitting the ranks of the nonaligned states. The two sides also stressed their adherence to the resolutions of the Islamic conference.

Within the framework of Arab-African cooperation, the two sides expressed their intention to extend full backing to make a success at all levels to encourage this cooperation. Within the framework of economic cooperation between the two countries, the Kuwaiti Fund will study economic development program to be submitted by the Republic of Senegal.

His Excellency the president of Senegal expressed his profound appreciation for the warm welcome and generous hospitality he and his accompanying delegation received from his highness the amir of Kuwait, the people and the government of sister Kuwait.

His Excellency the president of Senegal extended an invitation to his highness the amir of Kuwait to pay a visit to the Republic of Senegal. He accepted the invitation with gratitude. The date of the visit is yet to be decided.

CSO: 4404/52

INTERNATIONAL AFFAIRS

BRIEFS

KUWAITI AID TO PAKISTANI VILLAGES--Islamabad, 6 Oct (OPECNA)--Three hundred villages in the Pakistani province of Baluchistan will be provided with electricity under a project financed by the Kuwait Fund for Arab Economic Development. The fund's assistance worth U.S.\$27 million, will also provide for a water supply project in the same province, according to Radio Pakistan. [Text] [LD091312 Vienna OPECNA in English 1440 GMT 6 Oct 81]

MALIAN ENVOY ARRIVES IN UAE--Boubacar Diallo, Malian labor and civil service minister and envoy of the Malian president, arrived in the UAE today on a visit that will last several days. The Malian envoy is carrying a written message from Malian President Moussa Traore to UAE President His Highness Shaykh Zayid ibn Sultan al Nuhayyan. The message deals with bilateral relations and Arab-African cooperation. [Text] [GF211249 Abu Dhabi Domestic Service in Arabic 0930 GMT 21 Oct 81]

CSO: 4404/52

INTER-ARAB AFFAIRS

REGION'S LEADERS TRY TO CALM LIBYA, SUDAN, EGYPT

PM160603 London ASH-SHARQ AL-AWSAT in Arabic 14 Oct 81 pp 1, 11

[ASH-SHARQ AL-AWSAT report: "Efforts To Prevent War Between Libya, Sudan, Egypt; Numayri: "Al-Qadhdhafi Is an Animal Who Must Be Eliminated by Pushing Him From a Plane or Drowning Him in the Ocean"]

[Excerpt] Gulf Bureau--Presently a number of Gulf countries are exerting intense efforts to prevent the outbreak of war between Sudan and Libya. This comes at a time when Sudanese President Ja'far Numayri is calling for the extermination of Col Mu'ammar al-Qadhdhafi.

The Sudanese president has said that Egypt and Sudan have called for a joint plan to thwart the activities of Colonel al-Qadhdhafi. He added that the actual implementation of the plan will begin with troops being sent to the borders.

President Numayri, currently visiting Cairo, said in an interview with AFP yesterday that a struggle must be launched inside Libya and the Tripoli regime eliminated.

The Sudanese president stated that "Colonel al-Qadhdhafi must be physically eliminated at any cost even if it means drowning him in the ocean or pushing him out of a plane." He added: "Al-Qadhdhafi is an animal who understands nothing about human behavior and he must be physically eliminated."

Contacts To Calm the Situation

Meanwhile the United Arab Emirates is continuing its contacts with Libya to calm the situation and it has been announced that a telephone conversation has taken place between the amir of Kuwait and Colonel al-Qadhdhafi.

A high-ranking source has indicated that these consultations have intensified during the past week. Shaykh Zayid Ibn Sultan al-Nuhayyan, president of the UAE, has sent a letter to the Libyan president which was carried personally by Shaykh Surur Ibn Muhammad, president of the Royal Court and an intimate aide to Shaykh Zayid. He is sent only on the most important of missions, an indication of the importance of the role being played by the UAE in its present contacts with the Libyan Jamahiriyyah.

Yesterday Shaykh Zayid received a letter from Colonel al-Qadhdhafi which was presented to His Highness by Mahmud Mariya, head of the Libyan People's Bureau in Abu Dhabi. Observers confirm that the two letters exchanged between Zayid and al-Qadhdhafi, whose contents have not been disclosed, deal with developments in the region and particularly the situation along Libyan borders and along Chadian-Sudanese borders as well as the possibility that the situation may explode in the midst of efforts by certain international powers to stir up trouble in the region and to exploit the emergency situation resulting from President al-Sadat's assassination.

Some sources do not consider it unlikely that these activities by the UAE have actually been formally sanctioned by the Gulf Cooperation Council, in view of the nature of relations between Abu Dhabi and Tripoli, in order to lessen the atmosphere of tension and anxiety and to settle the crisis politically and diplomatically.

These sources have warned that a flareup between Arabs will certainly be exploited by international parties and would evolve to a dangerous stage contrary to Arab goals and interests, which would only serve foreign interests.

The source indicated that the situation in the region as a whole and the results of UAE efforts in connection with Libya will be main topics of discussion at the Gulf Cooperation Council summit meeting in Riyadh on 10 November in order to form a unified position to be presented at the Arab League summit conference in Fez, Morocco.

CSO: 4504/35

'MONDAY MORNING' INTERVIEW WITH PLO'S KHALAF

NC090255 Beirut MONDAY MORNING in English 5-11 Oct 81 pp 30-39

[Article by Lydia Georgi]

[Excerpt] Palestinian leader Salah Khalaf (Abu Iyad) has warned that the current wave of terrorist bombs in West Beirut may spread to cover East Beirut.

Speaking to MONDAY MORNING Thursday, a few hours after a large explosion near his West Beirut office killed around 80 people and injured over 200, Abu Iyad charged that the bombs were being planted by agents of Israel, who could be members of the rightist Phalangist Party of other Lebanese and Palestinians.

The bombs, he said, may soon begin to be planted in "government vehicles," like garbage trucks, to get around the precautionary measures that were being taken. They may spread into East Beirut and they may also be directed against the Syrian troops of the Arab deterrent forces, he said.

Abu Iyad, member of the Central Committee of the major Palestinian commando group, Fatah, said that Israel had resorted to this method of attack because of international pressure on it to abide by the PLO-Israel cease-fire arranged in July.

Its objective, he said, was to keep the Palestinians busy with security precautions, build up anti-Palestinian sentiment, stoke the fires of inter-Lebanese conflict and precipitate a Palestinian-Syrian conflict.

But he vowed that the agents Israel was using to spread terror would be captured and exposed, and he stressed that there was no chance of 1976-type conflict between Syria and the PLO, despite the presence of minor problems between the PLO and Damascus.

One of those problems, Abu Iyad said, was the presence in Syria of Abu Nidal, the rebel Palestinian leader who broke away from Fatah in 1974, took refuge in Iraq and declared war on the PLO, launching information attacks on the organization and hunting down its representatives in Europe.

Abu Iyad expressed surprise that Damascus had taken Abu Nidal in and was tolerating his publication in Syria of a magazine devoted to attacks on the PLO, but he said the organization would not allow this to come between it and Syria, and was, in fact, looking forward to an improvement in PLO-Syria relations.

Noting that Abu Nidal's attacks on PLO representatives abroad was giving Israeli assassins convenient cover, he said: "When an office chief is killed (in Europe), we don't know who killed him--Israel or Abu Nidal--which is the greatest cover Israel can have. Even the bomb operations here could be attributed to Abu Nidal. I don't believe he's behind them, of course, but they could be blamed on him, for what's the difference between killing an office chief in Europe and killing one in Beirut?"

Abu Nidal and his followers were "wanted" by the PLO, whether they were in Lebanon or elsewhere, Abu Iyad said.

On other subjects:

Abu Iyad revealed that the security measures agreed upon by the PLO, the leftist Lebanese National Movement, the Shi'ite "Amal" Movement and the Arab deterrent forces were scheduled to be completely implemented by 24 October.

He stated that the PLO had received formal assurances from Syria, Saudi Arabia and Kuwait--all members of the Arab follow-up committee on Lebanon--that the projected agency to stop the flow of illegal arms to Lebanon would not stop the supply of arms to the Palestinians, since these were covered by formal agreements between the PLO and Lebanon.

He launched a violent attack on British Prime Minister Margaret Thatcher, who in a recent visit to Kuwait attacked the PLO for its "association with terrorism." Expressing disappointment with Kuwait for allowing Thatcher to make such anti-Arab statements on its national soil without responding to them, Abu Iyad described Thatcher as a "CIA agent" and a "terrorist" herself, calling on all Arab countries to "blacklist" her and refuse to receive her until she apologized for her statements.

He criticized the "inconsistency" of French President Francois Mitterrand's statements on Arab and Palestinian affairs, declaring that the French Government's decision to punish French companies which abided by the Arab boycott of Israel was an attack on the PLO. But he expressed confidence that French policy would improve in time.

He said that Saudi Crown Prince Fahd's recently announced Mideast peace plan had some good points and some unacceptable ones. Noting that the way the plan was presented without prior discussion with the Palestinians had tended to create Palestinian-Arab and inter-Palestinian "suspicions," he said the PLO would not give its final view on the matter until it discussed the plan with Fahd and put a number of important questions to him. The most important question, he said, was whether Saudi Arabia was ready to throw its full political and economic weight behind the plan, even if the plan was opposed by the U.S.

He said that PLO Chairman Yasir 'Arafat, in his scheduled 12 October visit to Japan, hoped to gain official Japanese recognition of the PLO as the sole representative of the Palestinians and formal Japanese support of the establishment of an independent Palestinian state with Jerusalem as its capital. 'Arafat is expected to visit North Korea before Japan (6 October), and he is scheduled to go on from Japan to China and Vietnam.

He expressed the hope that the member states of the Arab Steadfastness and Confrontation Front would apply their recent decision to seek a strategic alliance with the Soviet Union in response to the projected strategic alliance between Washington and Tel Aviv. He said that if the Arab steadfastness countries, which were known not to implement some of their previous decisions, implemented this one, the move would be enough to redress the strategic balance in the Middle East and even to persuade all Arab countries to establish diplomatic relations with the Soviet Union.

He said that the PLO's friendly relations with the Iranian Government were still intact and the organization's efforts to mediate between Iran and Iraq were still going, but the PLO disapproved of both the Iranian opposition's actions and the Iranian Government's reactions.

He confirmed the PLO's opposition to the Greek Catholic Church's recent decision to appoint the Rev Lutfi Lahham archbishop of Jerusalem in place of Archbishop Hilarion Capucci, who has been exiled by the Israeli occupation authorities because of his pro-Palestinian activities. "It's as if those who struggle and support the Palestinian cause and the Palestinian revolution must be punished," he said. "Whoever took that decision is not a friend of the Palestinians."

CSO: 4400/27

ITALIAN INDUSTRY CONTINUES ACTIVITY IN RADICAL STATES

London 8 DAYS in English No 40, 10 Oct 81 pp 37-38

[Text]

THE RENEWED US pressure on Italy to have it revise its attitude towards radical Arab states like Libya — seen at the UN General Assembly — has not swayed Italian industry from its business-as-usual position. Recent weeks have seen a marked increase in Italian deals and negotiations with Middle East countries, particularly with Libya, Iraq and Iran.

When the joint Libyan-Italian Commission met in Rome for the first time since the Sirte incident — and the subsequent warnings from Colonel Qaddafi to countries hosting US bases — the atmosphere was described as 'decidedly friendly and constructive.' Led by Omar Muntasser, the heavy industry secretary, and Fawzi el Shakshuki, the economy undersecretary, the Libyan delegation discussed both general and specific aspects of bilateral cooperation, including the creation of joint fishing companies, the planned Italy-Libya telephone link, work and social insurance for

Italian workers in Libya, and delays in payments to Italian firms.

The two sides also discussed the extensive Italian role in Libya's new Five Year Plan and Colonel Qaddafi's long-planned visit to Italy, for which a final date has still to be fixed.

Official Italian encouragement was seen in the announcement by the state insurance company, Sace, that it was prepared to cover 75 per cent of the investment in a \$6m industrial vehicles plant which is to be built near Benghazi by the Calabrese company. This is the first foreign investment it has guaranteed in its three-year life.

Just before the Libyan delegation's arrival, the Italian foreign trade undersecretary, Baldassarre Armato, reached provisional agreement in Tripoli on the construction of a gigantic 500km water pipeline in the Serir region. The \$7bn pipeline should be laid by an Italian consortium of public and private firms.

Another deal signed concerns the Worthington Milan project at a new Misurata oil terminal, which a Korean company will build for Tripoli's Brega Petroleum. This project, whose cost was not announced, includes the terminal's stocking system and the supply of \$4m worth of plant service equipment (pumps, electrical compressors, generators, fire-fighting gear and so on).

Finally, from Brescia's Omnia Orobica, which is Europe's largest iron rod production centre, Libya ordered 250,000 tonnes of iron rods for concrete. Delivery on the \$65m deal will be within weeks.

Italian business with Iraq also had a sudden upsurge last month with a series of contracts signed. Icomsa Engineering of Padua will earn \$67m for the construction of three turnkey plants in the next two years, producing structural steelwork (60,000 tonnes per year), frames and locks, and metal panels. All will be located around Baghdad.

A second important Italy-Iraq deal concerns the supply, installation and start-up by Telettra, of the Fiat group, of a telecommunications plant to connect Iraq's main cities. Worth \$40m, the project involves two main links, between Baghdad and Mosul, and between Ramadi and Trabil (on the Jordan border). The links will cover over 900km and require the installation of 300 receiver-transmitters and 6,800 multiplex channels. Telettra will also train Iraqi personnel, initially in Italy and later in the field.

The same company is also discussing a \$100m communications equipment deal with Libya, and one involving an electronic transit plan with Sudan. Further negotiations on contracts for telecom work are going on with Jordan and Iran.

Discussions with Saudi Arabian officials — another important trade partner, especially with the resumption of oil supplies — took place at Italy's Institute for Foreign Trade, IcI. The Saudis outlined to an audience of Italian businessmen the main features of the current development plan, which involves spending of up to \$250bn. Italian participation will be further explored in December, when IcI launches a promotional programme in Jeddah.

According to the Saudis, there is scope for an increased Italian presence in both the heavy and light industry sectors, as well as in clothing, optics, graphics and publishing.

A group of Italian firms has been commissioned to do the varnishing of all external facades of Riyadh's new airport next January. The \$42m contract, which was signed in Vienna, could soon be supplemented by another \$90m worth of work.

Kuwait, which has taken Montedison's agricultural subsidiaries off its boycott list, has awarded Italstrade an \$18m contract to construct an elevated highway.

Condotte, the Italian company in charge of building Bandar Abbas's new port — where work was halted by the Iranian authorities after the revolution — has recently renegotiated the whole deal in Tehran. But instead of the initially-planned three docks and a fishing port, the new contract calls only for the construction of two docks.

The deal's cost, however, remains the same at \$1bn. The Iranians have asked Condotte to prepare plans for another dock and the fishing port, which will possibly be implemented next year. To complete the rosy picture for Italy, the company was paid its credits for the work already carried out.

CSO: 4500/20

FUNDING FOR ENERGY PROJECTS

LD261234 Vienna OPECNA in English 1515 GMT 23 Oct 81

[Text] Helsinki, 23 Oct (OPECNA)—Energy projects represent 44 percent of total project loans extended to developing countries by the OPEC Fund for International Development.

A paper presented to the current Helsinki seminar on financing of new and renewable energy sources in developing countries by Dr Mehdi Ali, OPEC fund's director for the Asian region, said the fund has given "special consideration" to projects which reduce the need to import energy.

Energy project loans extended by the OPEC fund include those for hydropower in Burma, the Dominican Republic, Ghana, Honduras, Madagascar, Mauritius, Morocco, Nepal, Pakistan, Rwanda and Sri Lanka.

Financing has also been extended for thermal power projects utilizing coal as an energy source. In India, the fund has participated in three central thermal power projects undertaken by the National Thermal Power Corporation: the Ramagundam power stations in the southern region, the Korba station in the west, and the Singrauli station in the north. [Words indistinct] oil and gas projects: the Bombay high offshore development in India (for which the fund extended two loans--U.S.\$14 million and \$30 million in 1977 and 1981 respectively) and the Bakhrabad-Chittagong gas project.

Both projects include well development and distribution of gas, and aim at providing substitutes for imported fuel and diesel oil.

The OPEC fund also gives priority to rural electrification programs designed to benefit lower-income groups in recipient countries.

Besides direct project lending operations, the OPEC fund finances the energy sector through balance of payments support loans. Almost a quarter of such credit has been utilized for financing oil and gas imports.

The OPEC fund also promotes investments in the energy sector through the local counterpart funds generated under balance of payments loans. Through this mechanism, the fund has supported the financing of 125 [words indistinct] a total of \$282.7 million.

The paper states that the OPEC fund also gives grants for technical assistance projects in the energy field, such funds being provided primarily for regional projects.

The fund has given full support to the proposed UNDP Energy Fund to finance oil and gas surveys and technical activities in non-conventional energy.

The paper also states that the fund has extended grants to other inter-governmental organizations: \$5 million to OLADE, the Latin American Energy Organization, in support of its extra-budgetary program on alternative sources of energy, and \$868,000 approved for four technical assistance projects administered by the UN Interim Fund for Science and Technology.

The projects include a "wood-for-energy" program in Honduras, a bio-gas and solar energy development project in Lesotho and two agricultural research projects in Papua, New Guinea and the Yemen Arab Republic.

The OPEC fund, says the paper, has put "great emphasis" on its direct project lending to the energy sector, increasing its share from 20.5 percent in 1977 to 27.1 percent in 1978, 42.1 percent in 1979 to 63.7 percent in 1980.

CSO: 4400/24

OPEC AFFAIRS

BRIEFS

\$25 MILLION TO TURKEY--Vienna, 16 Oct (OPECNA)--A U.S.\$25 million agreement was signed in Vienna Friday between Turkey and the OPEC Fund for International Development. Turkey will use the loan to import capital goods, spare parts, equipment for agricultural and industrial production, foodstuffs and consumer goods. The balance of payments support loan, the second extended to Turkey, brings total fund lending to the country to \$40 million. The loan bears a 6 percent interest rate, a 5 percent per annum service charge, a 10-year maturity with a 3-year grace period. The agreement was signed at the fund's headquarters by Ecmel Barutcu, Turkish ambassador to Austria and Dr Ibrahim Shihata, director general of the OPEC fund. [Text] [LD201032 Vienna OPECNA in English 1625 GMT 16 Oct 81]

CONFERENCE TO BE HELD IN ABU DHABI--Abu Dhabi, 18 Oct (QNA)--It was announced here today that the next OPEC ministerial conference will be held 1 day earlier than previously planned. The meeting will be held in Abu Dhabi on 9 December instead of 10 December. An official source in the UAE Petroleum and Natural Resources Ministry has announced that it has also been decided to hold the OPEC Ministerial Council meeting on 7 December instead of 18 December. [Excerpt] [GF181558 Doha QNA in Arabic 1400 GMT 18 Oct 81]

CSO: 4404/52

EYEWITNESS DESCRIBES SOVIET TACTICS IN PANJSHIR OFFENSIVE

Paris LE MATIN in French 28 Sep 81 p 11

/Article by Yves de Chazournes on eyewitness report by Jean-Jose Puig, chairman of the Friends of Afghanistan, P.O. Box 187, 75864 Paris Cedex 18/

/Text/ For the last 3 weeks, 60 kilometers northeast of Kabul, the Soviet-Afghan troops have been conducting one of the most important and most difficult offensives of the war in a valley that they have already tried to take three times: the Panjshir Valley. Jean-Jose Puig, an Afghan specialist, is the first eyewitness to return to this valley. He was still there several days ago under the Soviet bombardments. He tells the story for LE MATIN.

His name is Ahmad Shah Masood. At 26, it is he who commands the Panjshir Valley and the surrounding area, a very important strategic zone that links Kabul to the northern provinces: its string of small villages ringed around the slopes and harboring around 200,000 Tadjiks. Three times already the Red Army has tried to occupy this valley, each time forcing a large number of its inhabitants to take refuge in the mountains.

Confronting it is Masood, one of the very few war leaders in Afghanistan who has a modern conception of strategy. Masood, a small, good-natured man with the eyes of a mystic, his 2,000 Modjaheddin, and his few thousand other men, who can turn themselves if necessary into so many fighters. Until now, this former student of the Technological Institute of Kabul, then trained, it is said, in Palestinian camps, has always succeeded in turning back the Red Army convoys.

And each time there was confusion in the camp of the Russians, who could do nothing more than save their skin in these valleys, 2,500 meters high, where blue veins of lapis lazuli, those gold-spangled stones which are traded on a large scale in this country, bloom. Masood already explained his tactic last year to Jean-Jose Puig, a Frenchman who fell in love with Afghanistan long before the war.

But in this month of September 1981, things were to turn out differently. and Jean-Jose Puig was there to note it. Here is his account.

"It all starts on Wednesday, 2 September, with intimidation maneuvers by Mig 27's in variable formation (it is the first time I have seen any in Afghanistan) from Anjuman in the north. Coming down the length of the valley at a high altitude, they dive down suddenly and make their jet engines roar. The same thing happens the next day. No bombs are released. During this day of 3 September, Masood receives a secret report from Kabul: a Soviet attack is imminent.

"On the 14th, the hospital set up last May by young French doctors from the International Medical Aid in the second home of an important man of Kabul, is evacuated. Later it will serve as a special bombing target for the Soviet MiG's.

"In the afternoon, helicopters release packets of tracts in the valley. The people are summoned to go behind a white flag at Gulbar (the entrance to the valley, 50 kilometers from the capital) if they wish to avoid bloodshed. I have this tract, in Farsi, in my hands. The inhabitants have a maximum of 3 days to obey it.

"Then, for 48 hours, there is absolute calm. Just a few helicopters that go by at the end of the afternoon.

"But on Sunday the 6th, at dawn, the bombings start. And during the following 5 days, from 0400 to 1400 hours, the heavy bombing does not stop. The Soviet planes release murderous missiles with stabilizing parachutes, and types of multistage bombs that release 50 other, smaller bombs as they explode. I spent part of my days hidden in ditches watching the sky. There were also magnesium bombs which left great burn marks in the fields.

"However, all of this was only a prelude to the action of the armored trucks and Soviet-Afghan troops. An enormous concentration of vehicles and men (approximately 8,000 Soviet and 7,000 Afghan soldiers) are on the move. The aim of the maneuver: to empty the valley and above all to break the pattern of resistance that has been organized there under Masood's momentum. In order to complete this offensive, the Russians are attacking not only the valley but also the mountains to the north and south. Impossible in this case for Masood to launch a counterattack from these mountains. Moreover, part of his troops are being attacked from the rear by Gulbuddin Hekmatyar's Hebsi Islami men. This is the most integrist resistance organization; Masood is linked to a competitive organization, the Jamiat Islami. This is not the first time I have seen proof of collusion between the Soviets and the Hebsi Islami. I will also see the report from one of Masood's commanders announcing both the victorious entry of the Soviets into the valley and the treachery of the Hebsi."

For 10 days there would be deadly confrontations between the Madjaheddin of Panjshir and the Red Army, with Masood's men trying to regain control of the crests, where airborne Soviet troops were dropped. Today, no one knows yet whether the Soviet-Afghan army has

succeeded in taking the Panjshir valley, as it has announced, or whether the Mujahedin have been able to hold fast.

11550
CSO: 4619/7

AFGHANISTAN

OFFICIAL DESCRIBES ROLE OF LOCAL COUNCILS

Moscow IZVESTIYA in Russian 1 Oct 81 Morning Edition p 5

[Interview with Kh. A. Abavi, of administration for management and organization of local administration organs, by M. Rostarchuk, date not given]

[Text] Kabul--The Revolutionary Council of the Democratic Republic of Afghanistan has approved a draft law on local organs of state power and administration. The draft law, published in the newspaper (HEYWAD), was submitted for nationwide discussion on 29 September. A commission has been set up to examine all proposals received from individuals and organizations in the course of this discussion. Your correspondent asked Dr (Khamil Ahmad Abavi), head of the DRA Council of Ministers main administration for the management and organization of the work of local state administration organs, to comment on this extremely important event in the republic's life.

The law, which will be enacted after nationwide discussion, Comrade (Abavi) said, opening our discussion, is of exceptional importance for the future of our revolution and our country. The foundation of a new state apparatus in Afghanistan is being laid. The people have been given an opportunity to participate directly in running the state, an opportunity which they have been denied throughout the centuries of their history.

With the April revolution's triumph, power in our country passed into the working people's hands. Under the guidance of the Afghan people's vanguard--the PDPA--the process of democratizing and ordering our entire country's sociopolitical life has begun.

As you know, back in April 1980 the DRA Revolutionary Council adopted the fundamental principles of the DRA--the country's interim constitution. Chapter 6 of the fundamental principles states that local Jirgahs--local councils empowered to settle all local issues--are to be set up in provinces, cities, superprovinces and districts. A draft law on DRA local organs of power and administration has been formulated accordingly.

The new law on local organs of power will serve as a basis for further democratizing the social system in accordance with the principle of democratic centralism. The law will make it possible to create a new type of state apparatus based on the Jirgah councils. That is its fundamentally revolutionary significance.

The new law will be enacted in order to establish the democratic principles of the organization and work of local state power organs, to involve a broad cross-section of working people in the running of state affairs, to extend collective decision-making in the work of local organs of power and administration and to regulate these relations with higher organs of state power, ministries and departments.

Chapter 1 of the new draft law specifies that the local organs of state power in provinces, cities, city districts, subprovinces and rural districts are to be the corresponding Jirgah councils. They will be elected for a 3-year term and will resolve all local issues. The local Jirgahs will operate under the guidance of the revolutionary council and the DRA Government in close collaboration with all the country's progressive patriotic and democratic forces and sociopolitical organizations combined in the national fatherland front.

The draft law states that all DRA citizens aged 18 or over are to have the right to vote people's representatives onto local Jirgahs, any DRA citizen aged 21 or over is eligible for election to a local Jirgah as a people's representative. The draft law states that the power to nominate candidates for election onto local Jirgahs as people's representatives is to be vested in PDPA organizations, the national fatherland front and cooperative and sociopolitical organizations.

The draft law stipulates that local Jirgahs executive organs are to be executive committees comprising a chairman, secretary and members voted onto it from among those Jirgahs' people's representatives. To be a people's representative on a Jirgah, the draft law states, is an honor for a DRA citizen.

The new law, comrade (Abavi) stressed, "will establish people's power in our country for the first time. The days of despotic rule by individuals put in power locally by a state of exploiters will vanish forever, along with the complete domination of rural areas by mullahs, landowners and moneylenders."

I would like to draw particular attention to the fact that the draft law was formulated with due consideration for our people's national and religious traditions. Suffice it to say that both as consultative councils under the jurisdiction of the local authorities and as organs run by tribes, Jirgahs or councils have long existed in our country. This form of organizing local organs of power is therefore not something brought in from outside, and it reflects our people's long-standing aspirations.

The enemies of the republic and of the Afghan people and the counterrevolutionary rabble in hiding in our country and dug in abroad will, of course, mount a malicious campaign discredit to the new draft law on local organs of power. For this reason PDPA committees, our main administration for the management and organization of local organs' work, and the press, radio and television now face the complex and exceptionally crucial task of explaining the new draft law to the masses and explaining how its principles guarantee genuine people's power. My experience of state work indicates that the scope for local self-rule and for all issues of vital concern to villages, districts and subprovinces to be decided at local level provided by the law will elicit a warm response and support among the majority of working people. Working people will become our country's statesmen. Of course, we have a hard road to travel in order to build a new state, comrade (Abavi) said in conclusion, but we are not alone on that road; we have loyal friends and we can draw on the Soviet people's enormous experience. We shall be victorious.

ALGERIA, FRANCE GAS COOPERATION POTENTIAL EXAMINED

London 8 DAYS in English No 40, 10 Oct 81 pp 50-51

[Article by Mary Gearhart]

[Text]

FRANCE and Algeria are on the brink of a key new agreement on gas, after an 18-month row over LNG prices and the issue of gas-oil linkage. It is believed that the deal's formalities will be completed before President Chadli Benjedid goes to Paris for talks with President Mitterrand next month.

Both sides appear well satisfied with the progress made so far in negotiations, but remain tight-lipped on details. As an interim price, pending agreement, France had been paying \$3.70 per million BTU. This was later raised to \$4.20 — with Algeria billing France separately for the difference between this and the \$6 it has been seeking.

Sources say the new price may be around \$5 per million BTU, and that the 'two-tier' billing system will stop. It is also understood that Algeria will quietly drop its demands for payment of this price-difference backlog.

The same sources stress that the increased price should be seen in the context of new, wide-ranging bilateral trade and technical cooperation, including on nuclear power. Mitterrand's election — which the Algerians were not expecting — and France's pledge to help redress the trade imbalance have paved the way for a political rapprochement and a resurgence in trade.

In the current negotiations, both sides have appointed a 'wise man' to head their teams: for Algeria, Finance Minister Hadj Yala leads off, while Mitterrand's man is Jean-Marcel Jeanneney. These political and government-to-government talks are particularly important, as the legal tangle of the

gas contracts can only be solved at this level.

Both the Italians and the Americans agreed that one of the main problems in their negotiations with Algeria was that they had legal contracts — albeit ones unilaterally reneged on by Algeria — which the companies involved had no legal power to overturn. Only their governments could do that, they said.

Wrangles over the price of gas started in spring last year, when Algeria suspended all deliveries to France and El Paso of Houston to force a rethink. Algeria recommended shipments to France three months later. They were initially in limited quantities, later returning to normal levels which were billed on the 'two tier' system now to be dropped.

Before Mitterrand's election, Algeria's good relations with Italy and Belgium were reflected in booming trade. The new gas deal, and the wider commercial package it will form part of, means that some cooperation projects which were half-promised to Italy and Belgium will now probably go to France.

One of Algeria's main grievances with France in the past was the trade imbalance. France sold Algeria more goods than any other country last year — value \$2bn, some 60 per cent of which were capital items — whereas the French stood only ninth in Algeria's \$11.7bn export tables.

America was easily Algeria's biggest customer, taking nearly half its crude (47.2m tonnes, together with condensate). A US businessman explained that America's worsening relations with Libya favour increased oil exports from Algeria. Relations with the US are increasingly close.

after Algeria's crucial role in the Iran hostages crisis and the US reversal of a long-standing policy, so allowing sales of non-lethal arms (such as C140 troop transporters) to Algeria.

The breakthrough with France has not come a moment too soon for Algerian finances, as the campaign to link the prices of its gas and oil cost the country dearly. Oil production is well down too — officially, it has been cut from 1m to 0.8m b/d in the last four months, but unofficially output is around 0.6m b/d. At \$40 per barrel, Algeria's crude is one of Opec's dearest.

To make matters worse, plans to replace fading oil revenues with gas exports are also in trouble. The cancellation of a new LNG plant, which would have been the country's fifth, has put contracts with some Dutch and German firms in jeopardy. And, of course, negotiations with El Paso over the future of its 10.9bn cubic metres LNG contract were broken off last spring.

On the plus side, last April's deal with Distrigas of Belgium, for 5.3bn cu m at \$4.80 per million BTU¹, was a hopeful sign. Algeria also has contracts with British Methane (for a tiny 1.1bn cu m), Trunkline of Houston (4.8bn cu m) and, say diplomats, will soon have one with Spain's Enagas.

Algeria is looking to its massive 3 trillion cu m gas reserves (the world's third largest) to finance economic liftoff. Much will depend on the ability of Sonatrach, the state hydrocarbons concern, to run plant at or near capacity — and to reach agreement on prices with customers.

The Italians, who have put millions into the gas pipeline linking Algeria and Italy via Tunisia, feel they have been sacrificed to France to some extent. 'There is absolutely no question of a deal going through for us until the one with France is signed,' said an Italian businessman in Algiers rather bitterly. While negotiations have reached 'total impasse', the same man said that eventually Algeria and Italy were 'con-

demned to reach agreement over gas prices' because of the pipeline investment.

The pipeline, built by Italy's Snam, was to have been officially opened by both the countries' presidents later this month, but this has been postponed. Economic relations between the two have also taken a nosedive. 'We were warned by Algeria that commerce will suffer until, or unless, the gas deal goes through' said the Italian businessman.

Politically, the Algerians cannot afford to wait too long to turn gas into cash. The 18m population's expectations were raised when Chadli replaced the austere Houari Boumedienne as president over two years ago. In the past year, much has been spent on consumer goods in an effort to stem unrest. To call for belt-tightening now could prove tricky.

One other problem, which the Algerian authorities failed to appreciate in time, is that linking gas and oil prices only works to your advantage when oil's price is healthy. If it falls, as it has, the policy loses some of its appeal.

This is one reason for Algeria's unwillingness to drop its official \$40 crude price, to which gas is linked. Unofficially, it has been selling below \$40. The mistaken forecast also explains the political eclipse of the energy minister, Belkacem Nabi, who was replaced in recent oil discussions by the finance minister.

● LEONID KOSTANDOV, a Soviet deputy prime minister, said last week that the controversial plan to supply Western Europe with 40bn tonnes a year of Siberian gas was 'on the way to realisation.'

Following the signing of a protocol concluding the tenth meeting of the Soviet-West German joint economic commission, Kostandov said that — despite continuing negotiations between the Soyuzneft export trade organisation and Ruhrgas of West Germany, over the price for Soviet gas — the Soviet Union would still place large orders for West German equipment.

BAHRAIN

BRIEFS

NEW IRON AND STEEL PLANT--The Arab Iron and Steel Company which is building a \$300m steel pelletisation plant in Bahrain will award the main construction contract within the next few weeks. The leading contenders are Kobe Steel of Japan and a Japanese-West German consortium, Lurgi-Hitachi, says the general manager of the company, Dr Omar Grine. A \$14m deal has already been signed with John Howard of Britain for the construction of a jetty at the site, near the Arab Shipping and Repair Yard. The steel pelletisation plant is expected to produce 4m tonnes of pellets a year. "It is going to take us between six to nine months to work up to that figure," said Dr. Grine. "We expect construction work to begin in January or February of next year." The turnkey contract will also include a 400MW power station and a desalination plant in two units.
[Text] [London 8 DAYS in English No 40, 16 Oct 81 p 42]

CSO: 4400/23

EDITORIAL ON TASKS FACING NATION

PM201419 Cairo AL-AHRAM in Arabic 17 Oct 81 p 7

[Editorial: "Period of Work and Earnestness"]

[Text] At the first cabinet meeting to be attended by President Husni Mubarak since his inauguration as president of the republic, the president began with his characteristic assertiveness by saying that he meant every word of the speech he gave before the People's Assembly. The minister's first obligation is that each of them must translate the speech into action. This means that we are in a stage aimed at realizing the desires of the late President Anwar al-Sadat. It is a stage based on eliminating the divergence between words and actions.

This unification of word and deed which has emerged as the first and most prominent feature of the stage makes the remaining features of the stage completely clear. It defines the duties and obligations of every official in the country who is in a position of responsibility. It defines the responsibility of the public, which is no less than the responsibility of the leadership. This is a stage of work and earnestness. Its main ingredient, as President Husni Mubarak defined it, is unity of rank, purity of heart and deed, and sincerity of intention and purpose. The worth of work is measured, as the president declared, not in profits taken or benefits gained but in self-sacrifice and devotion. No one is sheltered from the sword of the law.

Within this specific framework the national work will proceed during the coming stage without hesitation or procrastination. The situation is critical but we will not surrender to the distress of the loss of our leader. We will proceed to build our immortal Egypt with love, hope and work.

CSO: 4504/39

EGYPT

EDITORIAL ON YOUTH AND RELIGIOUS RADICAL GROUPS

PM201441 Cairo AL-AHRAM in Arabic 18 Oct 81 p 7

[Editorial: "Egypt's Youth Are Fine"]

[Text] Egypt's young people are fine and their foundation will remain intact because they know the meaning of commitment and fidelity to Egypt. University studies began yesterday amid an atmosphere of calm, reverence and a concern for knowledge because the young people yearn for the readiness of their country and the security of its future.

There can be no doubt that every young person is a noble patriot deeply disturbed by Egypt's calamities since that reprehensible crime, which leave no doubt as to the bloody goals of radical groups that have considered the universities fair game in recent years when it comes to deceiving minds and exuding poison in the name of religion. At first these groups seem enticing with their appeal to religion, but then they trap their prey, putting them under their control, from which there is no escape. Motivated by pressure, publicity or open threats or having been brainwashed, they execute their covert and overt crimes. Some young people follow blindly and cut their ties with their families, their friends, their society and their country. Terrorist tactics have been well known throughout history. In using religion as an enticement their intention is not to spread religion but to hide behind it and exploit its beneficence while perpetrating the most repulsive crimes and the most heinous acts of terrorism.

Young people will remain fine as long as their faith in God, in themselves and in their country remains intact. The young people will succeed as long as they use their minds to discriminate between truth and falsehood, though falsehood may wear the cloak of truth, and as long as they realize the difference between correct guidance and deception. Even the most repulsive of crimes fails to display the extent of the certain guilt of these who destroy religion and spill blood under the banner of religion.

CSO: 4504/39

'ZIONIST-KHOMEINI COLLABORATION' DENOUNCED BY PALESTINIANS

London 8 DAYS in English 10 Oct 81 p 33

[Article by Fulvio Grimaldi]

[Text]

THE ITALIAN public, especially the supporters of the left wing, are taking a different attitude on the Iran-Iraq war these days, due to the excesses of the Iranian regime. Public opinion has shifted from initial sympathy with the Iranian revolution towards a more balanced view and, in the case of the Socialist International and the Italian socialist left, firm support for Iraq.

This shift was made clear at a conference organised in Rome by the Iraqi embassy and the Baath Party, on the first anniversary of the outbreak of war. Attended by Palestinians and Iranian opposition leaders, and by the chairman of the Euro-Arab Parliamentary Association, Michele Achilli, the occasion offered the opportunity for further denunciations of the mullahs' regime.

Palestinian speakers decried what they see as growing zionist-Khomeini collaboration. To provide further evidence of this, Iraqi sources produced unpublished details about the Argentinian plane that crashed in the Soviet Union while carrying Israeli arms to Tehran, and declared that further Israeli arms routes to the Khomeini regime had been discovered.

Shipments were made to the Iran's Gulf coast via Belgium and Holland in vessels flying flags of convenience, they claimed. They also cited admissions to the same effect made recently by former President Bani Sadr and borne out by an in-depth enquiry by the American ABC television network. Iraqi speakers also listed the pro-

vocations they claim Baghdad and the Arab nation as a whole had suffered at the hands of Tehran and its expansionist and subversive initiatives in the Gulf, before Iraq had decided to strike back 'in defence of the Arab homeland'.

Italian speakers from various parties and organisations saw Iraq as a potential partner for European progressive forces in the non-aligned and developing world. Achilli denounced US plans for military control of the entire Middle East and the supporting role Italy was expected to play.

The debate served to highlight the differences within the Italian Socialist Party, now in a government coalition with the Christian Democrats. While Party leader Bettino Craxi (whom many forecast as Italy's next premier) and Defence Minister Lelio Lagorio share Washington's most hawkish views, the party's rank and file, and its strong left wing openly support the Arabs, non-alignment and nuclear disarmament. Achilli also insisted — in the light of the failure of Camp David — on the need to relaunch the European Middle East initiative, as anticipated by last year's Venice declaration.

Rahmat Gossolvi, an Iranian journalist, denounced what he termed, 'big capital's' intention of letting two important Third World countries bleed, so it can then sell them what is needed for reconstruction. He also accused Europe of not having done enough to combat the 'return of religious cannibalism and the destruction of civilisa-

tion' in Iran. In particular, he attacked Europe's communist parties, especially the powerful Italian one; he compared their ambiguous stance on Iran and the war to Tudeh's 'totally opportunistic' line in Iran.

Various political forces in Italy are demonstrating against the possible expulsion from Italy and return to Iran of four Iranian students opposed to Khomeini, who were arrested after clashes with Khomeini sympathisers at Perugia University for foreigners. Appeals have been launched to have the extradition order reversed, as it would certainly lead to the students' trial and sentencing.

At the end of the conference, Achilli handed out copies of the first issue of a new Italian weekly, North-South Dialogue, which aims at promoting understanding and cooperation between Europe and the developing world. Achilli is the editor-in-chief.

CSO: 4600/72

PROGRESSIVE FRONT DISCUSSES ARAB SITUATION

JN181751 Baghdad Voice of the Masses in Arabic 1600 GMT 18 Oct 81

[Text] The General Secretariat of the Progressive National and Patriotic Front convened this morning under Comrade Na'im Haddad, member of the Arab Socialist Ba'th Party's National Command and the front's secretary general.

The committee [as heard] discussed the current situation in the Arab arena following the death of traitor al-Sadat at the hands of the masses of our Arab people in Egypt, the escalation of the struggle of the masses in the fraternal Egypt and these masses: utter rejection of the imperialist and Zionist schemes and the treasonous Camp David accords.

Comrade Na'im Haddad, the front's secretary general, affirmed the support of the masses of our people in Iraq under the Arab Socialist Ba'th Party for the struggle of the masses of our Arab people in Arab Egypt in order to abort the treasonous plot and the policy of settlements and capitulation followed by the traitor al-Sadat; and to form a national front comprising all the honorable and sincere national, pan-Arab and progressive forces and parties for these very purposes.

Comrade Na'im Haddad added that under the 17 July revolution, Iraq now occupies a prominent and advanced Arab and international position, particularly now that events have proved the soundness of its political course, independent trend and principled pan-Arab stand. He asserted that the masses in our struggling state are rallying round the leadership of the revolution and party led by President Saddam Husayn, bolstering the revolution's course and achievements and maintaining the spirit of victory achieved by the glorious battle of Saddam's Qadisiyah and bolstering this spirit with all potentials and resources so that the inevitable victory will be achieved over the racist Persian enemy.

The need to coordinate frontal action within the framework of the just pan-Arab battle being waged by our struggling state against the racist Persian enemy was also discussed at the meeting.

CSO: 4404/51

IRAQ

BRIEFS

OIL AND TRADE AGREEMENT SIGNED--Iraq has agreed to maintain oil supplies to the Philippines and give it priority in development contracts, according to Philippine Human Settlements Minister Imelda Marcos. She returned last week from a four-day visit to Iraq where she signed a trade agreement providing for most-favoured nation treatment between the two countries. A joint Iraqi-Filipino commission is to be set up. It will meet yearly to monitor or review the progress of trade between the two countries. The Philippines imports about 15 percent of its oil from Iraq, which hires thousands of labourers from the Philippines for construction projects. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 41, 12 Oct 81 p 2]

IRAQ, DENMARK SIGN AGREEMENT--Iraq and Denmark yesterday signed joint minutes at the conclusion of the second session of the Iraqi-Danish joint committee for economic, trade and technical cooperation. Mr Hassan Ali, Revolution Command Council member and Minister of Trade and the Danish Trade Minister signed the minutes which stipulate coordinating bilateral cooperation in industry, agriculture, training, technological and economic exchange. The Iraqi Minister affirmed that the minutes will organize trade cooperation for the coming year and effectively contribute to economic, trade, technical cooperation between the two countries. The Danish Minister delivered a speech pointing out that his recent visit to Iraq has afforded him a chance to get acquainted with Iraq's comprehensive progress. He also praised the development of Iraqi industry as represented by things on display at the Industry and Minerals Ministry's pavilion. The Danish Ambassador to Baghdad was present at the signing ceremony. [Text] [Baghdad BAGHDAD OBSERVER in English 3 Oct 81 p 5]

IRAQ, CYPRUS SIGN AGREEMENT--Mr Hassan Ali, member of the Revolution Command Council, Minister of Trade and visiting Cypriot Minister of Trade yesterday signed a trade agreement. The agreement includes provisions for regulating trade between the two countries, and lays down necessary measures for facilitating and expanding trade exchange, and participation in trade fairs held in either country. A joint trade committee, to meet when necessary in Nicosia or Baghdad to study trade exchange, make proposals on ways to expand and trade would be formed, according to the agreement. Mr Hassan Ali said that the agreement would greatly help in organising trade between the two countries. The Cypriot Minister expressed pleasure in signing the agreement, which is the first Cyprus has signed with an Arab country. The agreement would provide the means to deepen bilateral relations, he added. [Text] [Baghdad BAGHDAD OBSERVER in English 3 Oct 81 p 5]

POULTRY PROJECT UNDERWAY--The Ministry of Agriculture and Agrarian Reform is currently implementing Iraq's third largest poultry project in Duhouk Province at a cost of ID. 23 million. The project covers 12 thousand donums and includes 10 chicken raising fields. It has a capacity of 182 million eggs per year and includes a slaughterhouse of 6,550 chicken per hour, a warehouse in addition to administrative annexes, a water plant and 10 reserve generators. An international company is providing and installing the machines and appliances for the project and has undertaken to maintain them as well as to pave the road which links the project with the highway. The State Establishment for Poultry (north) is carrying out other parts of the project in which 450 technicians, workers and administrators will work. Fifteen technicians have been sent abroad to be trained in administrative techniques. [Text] [Baghdad BAGHDAD OBSERVER in English 12 Aug 81 p 5]

NEW TELEPHONE EXCHANGE OPENED--Mr Sa'doun Gheidan, member of the Revolution Command Council, Minister of Transport and Communications, yesterday opened the Mahmudiya and Madain districts electronic telephone exchanges of a 1,000 lines capacity each. He also opened the microwave projects linking Baghdad with Mahmudiya and Madain and linking the internal cable network of the two districts with the wireless and telegraphic communications centres. Mr Gheidan emphasized that these projects were being implemented according to Party directives on providing telephone services for the remotest regions. He pointed out that the importance of this project, costing ID. 30 million, and involving the installation of 92 mobile electronic exchanges of a 1,000 line capacity each, in all districts was to link them with provincial centres and install internal cable networks to provide telephone linkage to all provinces and foreign countries. Mr Gheidan explained that the current plan calls for installing similar exchanges in Alexandria, Soweira and Dojeil during September, and in Anab, Rawa and Hyt within the next three months. On this occasion, Mr Gheidan made telephone calls to citizens benefitting from the project in Mahmudiya. Mr Gheidan also visited the internal and international calls departments and acquainted himself with the working conditions. He emphasized that it was important to hold training courses for exchange supervisors, in order to raise their standard and the standard of services to a level consistent with Party leadership aspirations. [Text] [Baghdad BAGHDAD OBSERVER in English 20 Aug 81 p 5]

RAMADAN CONFFERS WITH BULGARIA'S CHAKUROV--Baghdad, 15 Oct (INA)--Taha Yasin Ramadan, Revolution Command Council member and first deputy prime minister, received here today Toncho Chakurov, Bulgarian machine building minister. Ramadan expressed Iraq's appreciation of the exemplary relations between the two friendly countries. He also expressed optimism over the continuation and prosperity of these relations in the interest of the two peoples and all humanity. He then reviewed the dimensions of the racist Persian aggression against Iraq, stressing Iraq's readiness to positively respond to all efforts to solve the conflict with Iran peacefully and in a manner that guarantees Iraq's just national and pan-Arab rights. He also asserted that our people are determined to boost the development process while maintaining the spirit of victory. The two sides discussed the developed bilateral cooperation relations and ways of promoting them in the economic and industrial fields to serve their common interests. [Excerpt] [JN151359 Baghdad INA in Arabic 1330 GMT 15 Oct 81]

MOSHE ARENS ON RELATIONS WITH EGYPT

TAI71336 Jerusalem Domestic Service in English 1200 GMT 17 Oct 81

[Chairman of the Knesset Foreign Affairs and Defense Committee Professor Moshe Arens interviewed by Arye Haskel and Tzvi Pantanovitz--date and place not given; recorded]

[Text] [Announcer] One of Moshe Dayan's greatest achievements was the key role he played in the Camp David peace process. The prime mover on the Egyptian side was, of course, the late President al-Sadat. Now there is a new president in Egypt, Husni Mubarak, who has declared himself equally committed to peace with Israel. Nevertheless, Mubarak is no al-Sadat and the question remains in the wake of al-Sadat's death where do we go from here. This question was put to the chairman of the Knesset's Foreign Affairs and Defense Committee, Professor Moshe Arens, in this interview, conducted before Dayan's death.

[Begin recording] [Arens] Well, this is what we are all trying to guess. There must be about 4 million Israelis who are trying to find the answer to exactly that question. I don't think any of us have the answer. We do have the commitment that was made by Mubarak in his talks with Prime Minister Begin as well as in a speech before the Egyptian People's Assembly. By the same token, we know that Mubarak will be under pressure, the very same kind of pressure that al-Sadat was under in his lifetime, to abandon the peace process with Israel. It is very likely that Mubarak, like al-Sadat before him, will try to counter that pressure by applying pressure on Israel.

[Question] In this connection, he has actually said that he and Egypt see the Palestine problem as cardinal and he has called on the United States to put pressure on Israel on this. How well do you think Israel is able to stand up to U.S. pressure?

[Answer] Well, I think that we have a pretty good record in that regard and we have shown that we can be quite stubborn when we think we ought to, when it is important for us. Some people would then call us intransigent but I don't think that you will find too many cases in Israel's history--and certainly not in Israel's recent history--where we have buckled under pressure or we have done things that we have considered to be inimical to Israel's best interest because outside powers or even some of our best friends--like the United States--have tried to pressure us into doing this. I don't think that there is too much a risk that pressure

from the United States, maybe with the encouragement of Mubarak, will bring about compromises or concessions on Israel's part that ordinarily we would not have wanted to make.

[Question] In this connection, a problem has been underscored to suitable extent by Mubarak's minister of state for foreign affairs, Dr Butrus Ghali, who has actually urged the European countries to pressure the United States to apply pressure on Israel. Again, does this tell us anything about the policies of the new administration in Egypt?

[Answer] Well, I think it confirms something that we really could have and should have known even before we had heard anything specific from Husni Mubarak and that is that Mubarak will be under pressure to bring about Egypt's reentry into the heart of the Arab world, to bring about Egypt's resumption of its traditional role as leader of the Arab world and that his reaction to this pressure is to put pressure on Israel to solve the Palestinian problem, in quotation marks, which, of course, is a euphemism for withdrawal to the 1949 armistice lines, including Jerusalem. I think that that part of the scene we could have predicted. It was part of the relationship with al-Sadat. This was his response to the pressure he was under from outside Egypt and inside Egypt and clearly this is going to be Mubarak's response.

Whether Mubarak will be able--as did al-Sadat--to withstand the pressure, to bend in the peace process with Israel--well, that is something that we do not know for certain. We do know that Mubarak doesn't have the kind of stature in Egypt at the present time that al-Sadat had. In other words, it is going to be more difficult for him. Al-Sadat, after all, as the hero of the Yom Kippur War, had achieved a position in Egyptian and world public opinion that was really quite unique and maybe Mubarak will attain that position as well but it certainly is going to take some time before he does--if he ever does. In the meantime, I think it will be fair to say that it will be more difficult for him to withstand some of the pressure that al-Sadat was able to withstand.

[Question] Do you not think he could mark time for a while, just to feel his way about?

[Answer] Well, I think that it is only logical to assume that under any circumstances he is going to work very hard at trying to keep Israel-Egyptian relationships on an even keel, at the very least, until that date because that is a date on which Israel is committed to withdraw from the Sinai. You may have noticed in Mubarak's speech to the Egyptian Parliament--his (?noble) speech--he spoke very dramatically, with a certain element of pathos, about the Egyptian flag being raised at Sharm al-Shaykh and the Egyptian flag being raised at Rafah and every last square inch of holy Egyptian soil being returned to Egypt in April 1982. So, he has every good reason, of course, for making sure that things stay on an even keel, at least until that date. But, of course, this is not 100 percent certain that he will be successful in doing that because he will be under pressure. We can see that there are opposition groups in Egypt, that there are powers in Egypt and outside Egypt in the Arab world that will try to get him to deviate even before April 1982.

[Question] Do you think he can withstand these pressures?

[Answer] I don't think anybody knows, I don't think that Mubarak himself knows at the present time. As I said, I think he has every reason to make a very strong effort to withstand them, at the very least until April 1982, maybe beyond. But, whether he is able to--I don't think there is a man in the world today that can tell you with certainty what the answer to that is.

[Question] So, if you were prime minister now, what would you advise?

[Answer] You know, of course, it is an entirely different situation after the fact than before, simply because Israel--unlike with Arab countries--is a democracy, is a country with a tradition of democratic institutions and with a tradition of abiding by its international commitments. What, even in Egypt, the tradition is almost the opposite, in the sense that al-Nasir broke international commitments that previous Egyptian rulers had taken upon themselves and al-Sadat broke international commitments that al-Nasir and, in some cases, he himself took upon himself, like the 15-year friendship treaty with the Soviet Union. Now, Israel is just the other way around; a country that prides itself on its tradition of abiding by international commitments regardless of whatever change of government we may have, as a result of elections. [End recording]

[Announcer] Interviewing Professor Moshe Arens were Arye Haskel and Tzvi Pantanovitz.

CSO: 4400/27

ISRAEL

ARAB RADICAL ACTIVITY REPORTED DECREASING

TA160735 Jerusalem POST in English 16 Oct 81 p 3

[Report by Yo'el Dar]

[Excerpt] Nazareth--Political activity by the country's Arab radical groups has declined in recent months, according to government officials dealing with the Arab minority.

But the officials warned that this decline might only be temporary, and that a resurgence of Arab nationalist activism might take place following the opening of the new university year at the end of this month and or during the municipal elections due to be held in November 1982.

According to the officials, the extremist religious groups with a nationalist message have stopped their activities and the radical tone of the village movement has substantially reduced its propaganda efforts and public meetings. Rakah (the Communist Party) has also toned down its support for the PLO, according to the officials.

The officials attributed this fall-off in extremist activity to the government clampdown in January on the "Nazareth Congress," which was to have declared the Israeli Arabs "an inseparable part of the Palestinian people whose sole representative is the PLO."

Two months later the security services cracked down on the extremist religious groups and arrested dozens of members on suspicion of planning terrorist attacks. In the past few weeks, five young Arabs, three of them students, have been jailed for publicly supporting the PLO.

CSO: 4400/27

NRP REJECTS PROPOSAL TO STOP SINAI EVACUATION

TAL60740 Jerusalem POST in English 16 Oct 81 p 2

[Report by political correspondent Mark Segal]

[Text] Tel Aviv—The National Religious Party Knesset faction yesterday threw out a resolution by Gush Emunim patron Deputy Religious Affairs Minister Hayim Druckman to call for a freeze to the Sinai withdrawal. His was the lone voice which questioned the commitment of the new Egyptian regime of President Husni Mubarak to peace with Israel.

The second largest coalition party reconfirmed without a vote its belief in continuing peace with Egypt. Druckman's call to suspend the peace process united the usually quarrelsome NRP ministers. Interior and Religious Affairs Minister Yosef Burg, Education Minister Zvulun Hammer and Deputy Foreign Minister Yehuda Ben-Me'ir spoke in one voice, commanding the repeated declarations of President Mubarak about his intention to continue with the late President al-Sadat's peace policies. They pointed to the orderly transfer of power in Egypt as a further guarantee of continuity in Egypt's policies.

The NRP leadership criticized Druckman for raising the proposal, arguing that such a discussion hurt Israel's international standing. The most vehement voice in defence of the peace process was that of Deputy Foreign Minister Ben-Me'ir, who in 1978 voted against the Camp David agreements. He said that Mubarak's repeated assurances indicated that Israel had made peace not with one man as had been hitherto feared, but with a country.

Meanwhile, the mini-crisis in the party over Druckman's demand that Burg let him have the powers of de facto minister, remained near boiling point yesterday. Druckman wants the same status as Deputy Absorption Minister Aharon Uzan who is the de facto boss under an arrangement with Minister of Labour, Social Affairs, and Absorption, Aharon Abu-Hatzeira.

A meeting of Burg and Druckman ended fruitlessly yesterday, it was learned, with the two unable to agree over the deputy minister's demands for extensive powers.

CSO: 4400/27

ISRAEL

POLL SHOWS SUPPORT FOR LIKUD-LABOR COALITION

TA270840 Jerusalem POST in English 27 Oct 81 p 3

[Report by political correspondent Mark Segal]

[Text] Nearly 30 percent of the public would favour a government coalition of Likud and Labour minus the religious parties, while one-quarter prefer the present Likud-religious coalition. One-fifth favours a broad coalition containing the Likud, Labour and the religious parties. A much smaller proportion favours a Labour government including the religious and the small centre parties.

The above data emerges from a poll conducted for the JERUSALEM POST by the Modi'in Ezrahi Applied Research Centre among a representative selection of 1,240 adults. The survey was conducted at the start of the month.

Question: Which coalition would best serve the state of Israel?

Likud and religious	24.1
Likud, Labour and religious	22.1
Likud and Labour	29.1
Labour, religious, Shinuy and Telem	13.5
Others	8.5
Undecided	2.7

The first alternative has most support among the 18-30 year-old group, lower economic status, oriental communities, voters for the Likud and the religious parties.

The second choice has strongest support among better-educated, Israelis of western background and voters for the religious parties and Tehiya.

The third choice has strongest backing among the over 50 age group, western communities, secular people, middle and upper status and was most preferred by Labour voters.

CSO: 4400/27

LOW LEVEL OF CURRENCY RESERVES REPORTED

TA211356 Jerusalem POST in English 21 Oct 81 pp 1-2

[Report by economic affairs correspondent Shlomo Ma'oz]

[Excerpt] With the general budget reserve drained to only 462 million Israeli shekels, as compared with the 4.3 billion shekels scheduled, the treasury has recently had to inject a further 2.5 billion shekels siphoned off from reserves earmarked for development and for covering price rises. The general reserve is held to subsidize basic foodstuffs, electricity and fuel.

It was the treasury's use of the general reserve to subsidize these items on the eve of the June general election and immediately afterwards that has been responsible for emptying the coffers.

Thus, by the end of this month, and only 7 months into the year, the treasury will have paid out 8.8 billion shekels on subsidies, 2.8 billion shekels (or 150 percent) more than the sum budgeted for this item for the entire financial year.

The 2.5 billion shekel top-up brings the general reserve back to a level of 2.96 billion shekels.

And with nowhere else from which to take subsidies money, economic circles predict that the government will soon have to raise prices of basic commodities, electricity and fuel to cut back on what subsidies are now costing. But even so, the treasury will have to introduce a supplementary budget before the end of the financial year.

The development reserve has now shrunk to only 886 million shekels while the reserve to cover price rises is totally empty, with the treasury feeling that it will have no need for this item.

Documentation given to the Knesset's Finance Committee shows that the government deficit on account of fuel subsidies this year totals 2.05 billion shekels with 850 million recently transferred to this item.

In fact, the treasury cancelled the fuel subsidies about 6 weeks ago, but the deficit dates from the period both before and after the elections in which imported fuel was subsidized.

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ISRAEL

BRIEFS

TOURISM AGREEMENTS WITH ROMANIA--Tel Aviv--Israel and Romania have signed tourism agreements for next year that are expected to increase the number of Israeli tourists in Romania, Romanian Deputy Tourism Minister (Kosteka Zamau) told Israeli journalists on a 1-week tour of Romania. He said that the number of Israeli tourists to Romania has risen in the past few years from a few thousand a year to 30,000. The new agreements, which include package tours with a large number of agencies, are expected to raise the number of tourists to 35-40,000 a year, he said. [Text] [TA211048 Jerusalem POST in English 21 Oct 81 p 2]

FOREIGN MINISTRY APPOINTMENTS--The Foreign Ministry yesterday announced the appointments of Moshe Gilbo'a--formerly consul general in Atlanta and Chicago--to head the ministry's Diaspora Affairs Department, and of Shamay Kahana, a veteran diplomat whose postings have included ambassador to Romania, to head the International Organizations Department at the Foreign Ministry. [TA060853 Jerusalem POST in English 6 Oct 81 p 3]

YAMIT SETTLERS COUNTER ANTIWITHDRAWAL--The Yamit settlers have yet to reach agreement with the government. This morning a group of them seized the government office in the town. In another development, Yamit settlers have begun organizing against the movement to stop the withdrawal from Sinai. They say the movement is made up of armed extremists who are already disrupting the town's quiet life-style. Reporter Jack Katzenel asked Ella Weizman of the movement whether there was not a danger that the guns might be used against soldiers during the evacuation. [Begin recording] [Weizman] I cannot be sure of anything because you must understand that people here are in a very, very hard situation--and I am not only talking about people who belong to the movement to stop the withdrawal from Sinai, there are all kinds of groups here pulling to all sorts of directions--and I cannot promise you anything. One thing I can promise you: That the movement to stop the withdrawal from Sinai does definitely not see itself as a military movement. The reason that we are so active today is so as to gain enough pressure and enough power in public opinion as to not ever reach an April 1982 or to have April just another day in the calendar and nothing more, with no conflicts and no fights and no struggles. [End recording] [Text] [TA251854 Jerusalem Domestic Service in English 1800 GMT 25 Oct 81]

TRADE DEFICIT APPEARS LOWER--Israel's balance of payments has improved slightly over the last several months, leaving a trade deficit of \$1.8 billion for the first 8 months of 1981, down from \$1.825 billion for the same period last year.

This reflected a slight drop in imports--\$5.22 billion instead of \$5.33 billion and a slight rise in exports--\$3.42 billion instead of \$3.406 billion. Central Bureau of Statistics figures show a 54 percent drop in diamond exports compared to last year, with the 1981 amount standing at \$415 million as of 31 August. Fuel imports were down by 6 percent to \$87 million. But making up for these lower numbers was a total of 130 percent increase in imports of durable goods during the first half of the year. Diamond exports showed a 19 percent drop for the first 8 months of the year. Other industrial exports were up by 8 percent and agriculture exports were 2 percent higher. [Text] [TA251006 Jerusalem POST in English 25 Oct 81 p 3]

NEW TERMS FOR OCCUPIED AREAS--Jerusalem, 27 Oct (AFP)--The Israeli state media will no longer use the terms "West Bank" or "occupied territories" when referring to the land captured by Israel in the 1967 war. Instead they will use the geographical terms "Judea," "Samaria" or "Gaza." A directive from the National Broadcasting Office banned journalists on national radio and television from using the terms owing to their political implications. The decision was taken unanimously in the board's Executive Committee but no opposition Labour Party representatives were present, sources said. However, observers pointed out that the directive aimed at toning down the language of radio and television newsmen, often highly critical of the government, showed up Israeli ambitions of maintaining control over the regions, even at the end of a 5-year transitional period of Palestinian autonomy allowed for under the Camp David arrangements with Egypt. [Text] [NC270936 Paris AFP in English 0913 GMT 27 Oct 81]

CSO: 4400/27

JORDAN

STRAINED RELATIONS WITH UNITED STATES ANALYZED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 225, 24-30 Aug 81 pp 18-21

[Article by Nihad al-Mashnuq: "Blueprints Proliferating While Homeland Is What Is Called for; What Is Jordan Waiting for? Israel Wants It To Be a Substitute Homeland, and the Arabs Act Like Spectators; Reagan Tells Arab Ambassadors, 'Israel Is Occupying 30 Percent of Palestine!' "]

[Text] No other regime in the world resembles the Jordanian regime in the disagreement that exists over the role it is required to play on the Arab scene and internationally. The United States wants it to do what it cannot do; the Soviet Union is approaching it about something it does not own; the PLO sees it as a second refuge for Palestinians; and Israel is declaring it--and this is the reply it repeats to those who ask--a candidate for the Palestinian homeland. Jordan's Arab colleagues, however, act like spectators. How can they be asked to move to the stage?

In the first statement he made after being sworn as president, U.S. President Ronald Reagan said that Muslims and Christians had to stop fighting Jews and that Jordan was the natural homeland for the Palestinians.

King Husayn was not surprised by that statement. He had anticipated during his visit to Washington in 1980 that Arab reasoning in the Middle East crisis would be misunderstood if President Jimmy Carter were not re-elected. This is what did in fact happen. It is true that President Carter was the one who directed the signing of the Camp David accords, which none of the Arabs but Egypt was misled into joining. Nevertheless, at the end of his term he did express in front of a number of Arab officials who met him an apparent willingness to bypass these accords if he were re-elected president of the United States.

A futile dialogue between the Jordanian and American capitals continued until U.S. Secretary of State Gen Alexander Haig came to the area. After tremendous efforts he included Ammar on his itinerary.

In Amman it was reported that King Husayn told the U.S. secretary that he used to greet Dr Kissinger in al-'Aqabah as a tourist and that he was not willing to do that any more. "None of Kissinger's plans achieved anything concrete for Jordan. His numerous missions failed to bring about

disengagement in a single meter of land that Israel occupied on the borders in 1967, that is on the West Bank. At the same time disengagement was realized on both the Egyptian and Syrian fronts. How can you make Jordan a candidate for a principal role in the peace process when Jordan has no incentive to play this role? How long do you think I can continue to endure the consequences of my friendship with you? Jordan is tired of the fact that you nominate us for roles when you do not take into consideration the need to consult with us before you determine those roles whose proclamation is quite useless. Jordan may not even be able to carry out these roles."

Gen Haig provided no clear justification for the fact that the U.S. administration had called Jordan a homeland for the Palestinians. Instead, he changed the subject of the discussion and talked about the strategic policy which the new administration was trying to follow in the area under the rubric of fighting Soviet influence. He talked about the role of every country in the area in this war.

Then the Jordanian monarch replied, "Ever since 1976 we have had visits from U.S. emissaries and missions who came to Jordan to find out the facts about the Arab-Israeli dispute. The Arabs believed that most of these emissaries went back to the United States quite convinced of the injustice that befell the Palestinian people. The Arabs believed that the Americans had been convinced that Israeli occupation of Arab territory was illegal and unjustifiable and that a just peace required the withdrawal [of these occupation forces] as well as justice for the Palestinian people. But those emissaries were not able to bring about any substantive change in the U.S. view. We do not agree that fighting Soviet influence is a priority matter. Our primary cause rather is the Arab-Israeli dispute. U.S. disregard of the reality of this dispute strengthens the Soviet influence which you wish to fight in the area."

Gen Haig went back to discuss the strategy of the new U.S. administration in the area. That strategy did not include a clear view of the action the United States would take in the Arab-Israeli dispute even though it wanted its friends in the area to play their part in implementing the first part of the U.S. strategy. The United States insisted that its friends fight Soviet influence after the Soviet invasion of Afghanistan.

Tension Mounts

After that visit tension in U.S.-Jordanian relations surfaced publicly. It continued to grow until the Israeli bombing of the Iraqi nuclear reactor took place with the ensuing U.S. reactions that were understanding of the Israeli position. Tension then reached its maximum, and the Jordanian Advisory Council issued a statement in which it said that the Arab nation will have to re-evaluate its relations with the United States in light of the unabashed aggression it was practicing directly against the Arab homeland through its protege, Israel. The statement strongly condemned the U.S. position supporting the Zionist attack.

King Husayn, however, sent a handwritten letter to President Reagan asking

whether the United States intended to relinquish its role as a superpower [and allow] Israel to act on its behalf to bring about a special understanding of what constitutes security in the area. In his letter King Husayn said, "The extravagant promises that successive U.S. administrations make without reservations and without hesitation to achieve Israel's military opportunist ambitions have given Israel a new dimension in the area."

The reasons for this Jordanian talk, whose sharp tone was unprecedented in relations between Washington and Amman, were not confined to the Israeli strike against the Iraqi nuclear reactor, despite the close relations that have existed for almost 3 years between Iraq and Jordan. The reason for the sharp tone was rather what President Reagan said to the Arab ambassadors who met with him after the Israeli raid. Reagan's statements at that meeting are largely responsible for the Jordanian rage which has not yet been allayed.

The ambassadors related that President Reagan had said that Israel occupied no more than 20 or 30 percent of Palestine. The rest of Palestine was in Jordan where Palestinians could lead a noble life in a land considered to be a natural extension of their land. President Reagan added that he could not see how Israel constituted a threat to its neighbors.

There was no longer any point then to continue the process of understanding in relations between Washington and Amman. Tension mounted to the point that King Husayn personally and most Jordanian officials boycotted both official and personal invitations they received from the U.S. embassy in Amman. Statements were issued in Jordanian newspapers calling for a boycott of U.S. goods.

So far the dialogue between the two capitals has proceeded in this manner: Jordan is sharpening its political propaganda, and the United States is continuing to ignore the Jordanian position. U.S. envoy, Philip Habib even visited all the Arab capitals that are concerned with the Middle East crisis, including Cairo, but did not pass by Jordan. King Husayn then went to Saudi Arabia where he met Habib and found out that he had nothing new [to offer].

The poor nature of relations between Washington and Amman, however, did not constitute an adequate plea [for establishing] a special relationship with the Soviet Union while King Husayn was on his recent visit to Moscow. That was his second visit [to that city]. When the time came for writing the joint communique for both the Soviet and Jordanian parties, the Jordanians were surprised by the fact that the Soviets wanted to include in the communique the phrase, "independent Palestinian state" without specifying the geographical location of that state. After 6 hours of debating this point the Jordanians succeeded in adding three [sic] words to this phrase which became "the right of the Palestinian people to have an independent state on their national soil."

King Husayn, nevertheless, went ahead [with his efforts to] strengthen relations with the Soviets. He was the first traditional friend of the

United States in the Middle East to insist that the Soviets play a role in the political settlement of the Middle East crisis. He sent his army chief of staff to Moscow 2 months ago to look into the proposal submitted by Libya to finance a Soviet missiles system for Jordan.

Naturally, a Soviet military option is not a final option for Jordan, but it is a card that King Husayn can hold against the U.S. administration which needs Jordan and yet is ignoring it at the same time. It is known that Jordan does not have much space to maneuver away from the West in general and the United States in particular. The fact that Saudi Arabia and Iraq are providing the larger portion of assistance which Jordan needs every year does not mean that the regime can do without its older traditional political relations in the Arab world.

On the opposite side is the West in general and the United States in particular behaving with the same measure of interest and disregard toward Jordan?

It is evident that King Husayn is not taking into his principal considerations the United States' ability or desire to stand in his way or to harm his regime. He does however see danger in the re-election of Menahem Begin and in the extremist religious makeup of the new government, not only for himself, but also for the Arab world and for U.S. policy in the area as well.

According to information that is being circulated in Arab diplomatic circles, the plan of Ariel Sharon, the new Israeli defense minister, to annex the West Bank and the Gaza Strip to Israel; establish a Palestinian state in Jordan; and change "the treatment" of Palestinians residing in the West Bank and in Gaza is not so much an Israeli plan as much as it is a plan that represents ideas which are being discussed in the circles of the U.S. administration.

These circles add that committees in the U.S. Congress prepared a report about the Arab-Israeli dispute and presented it to President Reagan. This report included Sharon's ideas before these were announced.

A Blueprint for Implementation

Practically speaking, how can such projects be implemented?

There are two theoretical blueprints for these projects. The first one involves eliminating the PLO's military presence in Lebanon. This is what Israel has been trying to do for years with no results. Naturally this would make Jordan the only country with a Palestinian constituency.

Hence comes the Palestinian command's apprehension of a major Israeli military operation in the south. This is what the U.S. Magazine, NEWSWEEK, published. It stated that Israeli Prime Minister Menahem Begin intended to notify President Reagan that Israel was prepared to occupy Lebanon if that was necessary to drive the Palestinian Resistance away from the

Israeli borders. Begin's assistant told the magazine that his boss will not ask and will not expect Reagan's approval of such an action.

The second blueprint, which is more logical, states that the purpose of what the United States is saying about Jordan and the Israeli plan is to apply pressure on King Husayn to go along with the second part of the Camp David accords after the first part is finalized in April next year with the completion of the Israeli withdrawal from Sinai.

These two blueprints, however, do not seem to lend themselves readily to implementation. The U.S. administration still considers King Husayn one of the few Arab leaders who deal with it honestly. At the same time the Soviet threat looms larger and larger. Therefore, a search is underway for a way to hold a dialogue with the liberation organization without impeding the Egyptian portion of the Camp David accords. King Husayn is insisting that there is no conflict with the organization; he affirms that he is cooperating with it and he is calling for recognition of it. In fact, some Jordanian officials are reported to be saying that the only barrier against the "Soviet threat" is the U.S. dialogue with the Palestinians.

These statements may be optimistic, but the seeds planted by such statements have begun sprouting in the circles of the U.S. administration. One is to take into consideration that a long time will have to pass before the harvest can be reaped.

Where does the liberation organization stand on these two blueprints? Mr Yasir 'Arafat avoids talking about Jordan in both his private and public meetings. In fact, he considers the growing crisis in Lebanon and the discussion about Jordan to be smoke screens that hide the victory which the Palestinian Resistance realized in its recent war with Israel in south Lebanon. However, Mr Khalid al-Hasan says that the most that the organization would promise would be special relations between the Palestinian state in the future and Jordan. That is, there would be no discussion about relations before the Israeli withdrawal from the West Bank and Gaza is completed.

But King Husayn, who is to go to Washington next fall to meet President Reagan, is hoping to take along a uniform Arab position with which he can protect himself against U.S. and Israeli plans.

The truth is that the answer on a uniform Arab position is to be found with Lebanese and Palestinian officials who have been looking for such a position for a long period of time.

8592
CSO: 4304/175

JORDAN

GOVERNMENT'S CONCERN OVER PALESTINIAN SETTLEMENT DISCUSSED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 225, 24-30 Aug 81 pp 20-21

[Article: "The Jordanian Option Has Fallen; Long Live Jordan's Option"]

[Text] The "Jordanian options" that are presented by the Israeli leaders to solve the ongoing struggle in the Middle East follow each other, but they are never similar.

After Shimon Perez comes Ariel Sharon, the new Israeli defense minister. He is proposing a new plan for "a Jordanian option" based on affirming the fact that Jordan is the Palestinian state and that there is no need to establish a second Palestinian state.

Within this trend it seems that the proponents of the plan will spare nothing:

--They will attempt to undermine the Hashemite regime by spreading false rumors every now and then about the existence of conspiracies against it.

--They will encourage the return of the armed Palestinian Resistance to Amman, and that would constitute an excuse for striking the regime of King Husayn.

--They will support a "carrot and stick" policy in the occupied Arab lands to establish an independent Palestinian majority that would accept the Camp David plan.

These ideas that Sharon proposed are not new. Their purpose on the one hand is to annex the West Bank and Gaza once and for all to the Hebrew state. On the other hand, their aim is to support the establishment in Jordan of a Palestinian state that would not cause Israel to withdraw [from land it is occupying] or to concede anything. Ever since 1970 the Israeli general had thought that Israel had to help the Palestinian Resistance implement the idea of having a Palestinian state replace the royal regime [in Jordan]. However, the domestic situation in Israel and the over-all given factors of local and international strategies prevented the realization of Sharon's ideas at the time. Where does he stand now on all this?

What are the possibilities that his political theories will be put into practice in Israel, in the Arab world and internationally?

There is a standing bet in the West Bank on the effort to bring in Palestinian figures from the West Bank to participate in the autonomy talks that are expected to resume next fall. Toward this end Minister Sharon decided that he would implement next week a set of decisions whose basic purpose was to limit the overt aspects of the occupation. At the same time he affirmed that the West Bank and Gaza would never be returned to Arab sovereignty. Hence, what he is offering the Palestinians is very meager: they are to go on living as though the occupation did not exist; they are to accept the subjection of daily occupation; and they are to support the Camp David plan which gives the Israeli occupation a de facto legitimacy.

There is nothing so far to indicate that such a policy would succeed. The only difference between this policy and that of Begin's previous government is that this policy is more haughty. We have therefore seen it working against the absolute rejection of West Bank figures to go along.

On the international scene observers in Amman are raising this question: Does the United States approve of the possibility of selecting Jordan "an alternative homeland" for the Palestinians? If Washington did study the plan, does it consider it a tool it can use to apply pressure on King Husayn to force him to accept the role that had been set for him in the Camp David accords? Or are there strategic changes that favor replacing the royal regime with a Palestinian state?

Regardless of the situation the ultimate objective in both cases is to settle the Palestinian problem at the expense of the Jordanian people's future and regime, without taking into consideration the wishes of both nations. It is evident then that ignoring the free political will of the area's nations is still the root of the Middle East problem.

Jordan's basic problem on the local scene lies in its economic and military shortcomings in a military environment that is armed to the hilt. It is this situation that has caused King Husayn to continue to hold on to an indispensable strategic ally. In the last 30 years this ally has been either Britain, the United States or Syria. Today, it is Iraq. The Jordanian monarch's political experience has proven its ability once again in the alliance he formed with Iraq since the Baghdad Summit.

To this effect observers affirm that the geopolitical-economic alliance of Amman and Baghdad helped both countries, especially Jordan, confront the division of the area into two fronts: that of the countries of the Gulf and the front for the countries of Steadfastness and Opposition. The two capitals were either excluded from the two fronts or they themselves decided to stay away.

It may be said that despite the difficulties that the regime in Tehran is experiencing, Iraq and Saudi Arabia are being called upon to become the two most influential powers in the Middle East in the next 5 or 10 years. This

is especially the case for Iraq because of its various demographic and ideological resources. For the Hashemite Kingdom of Jordan Iraq is a principal guarantor of its future.

On the internal Jordanian scene the Israeli minister of defense is counting on the demographic imbalance between the Palestinians and the Jordanians to confirm the accuracy of his theory about establishing a Palestinian state in Jordan. In this case most Palestinians who have Jordanian citizenship belong to a class [that favors] the stability of the present regime. To that effect the fact that King Husayn's regime refused to join the group [of circles] that signed the Camp David accords has created around him significant popular support that became quite evident during the crisis on the Syrian-Jordanian borders.

It remains to be said that the Baghdad Summit did realize a qualitative strategic change for the kingdom. The allies make up a majority of the Arab countries, and they wish to settle the dispute with Israel, but they wish to do so honorably and with sacrifice. This is something that Jordan has worked for alone for a long time.

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CSO: 4304/175

FINANCE MINISTER DISCUSSES U.S. ECONOMIC POLICIES, PLO IMF ROLE

Paris AN-NAHAR ARAB REPORT & MEMO in English No 41, 12 Oct 81 pp 5-7

[Text]

Few persons can be as well equipped as Kuwait's Finance Minister Abdel Latif al-Hamad to give an overview of the recent meetings in Washington of the World Bank and the International Monetary Fund. As he told *An-Nahar Al-Arabi Report & Memo*'s Randa Takieddine in an exclusive interview last week, he has been present at these annual get-togethers of international bankers and financial authorities for the past two decades. And, as the man responsible both for safeguarding Kuwait's finances and, as head of the Kuwait Fund for Arab Economic Development, also responsible for his country's very extensive aid to the Third World, he has an insight into global economic problems that is perhaps unique in the Arab world.

Mr Hamad does not conceal in the interview his disagreement with many aspects of the new economic policies of the Reagan administration, notably on foreign aid, high domestic interest rates and American opposition to the creation of a World Bank energy affiliate. He also sets out the pitfalls that must be avoided if the Arabs are to succeed in winning observer status for the PLO. As Chairman of next year's IMF-World Bank meeting, Mr Hamad will be at the centre of this controversial political issue.

The interview follows:

Q: Is it your understanding from what happened at the meeting that the US has a new policy aiming to reduce official aid and insisting on giving the private sector a more prominent role in development efforts to compensate for this reduction?

A: The insistence of the US on the role of the private sector emanates from the ideological belief of the Reagan administration that everything can be done more efficiently through the private sector. It is very unfortunate that the US administration does not recog-

nise that official development aid (ODA) is equally important to create the environment for private sector participation in developing countries. There are some developing countries that require the most basic of basic infrastructure. Consequently, without this infrastructure and without this basis, there is no way that the private sector can participate in the process of development.

It is very unfortunate that the US should be reconsidering commitments entered into previously on the IDA (the International Development Agency soft-loan affiliate of the World Bank) and other institutions of a similar nature. This, of course, is of less importance from the monetary point of view, though from a symbolic point of view it is extremely important. This is because it does reflect on the nature of the multilateral relationship between donor and recipient countries and it puts other countries in a position where they have to review and reassess their own positions vis-a-vis this institution. This is to the detriment of the development process throughout the world.

I am distressed that this is happening now at a time when there is greater need for ODA flows. I am equally distressed that the distribution of the limited resources of ODA go more in favour of the richer developing countries rather than the poorest. In particular, the US has been focusing a lot of its development assistance specifically on two countries - Israel and Egypt - so this can be viewed as a manifestation of the desire to use development aid for political motives and not for the development process.

Q: Does this then mean that the IMF and the World Bank are institutions which follow indirectly the general line adopted by the US because the US is a major member of these institutions?

A: I would not go as far as that. On the contrary, the outcome of this meeting provided more optimism insofar as the role of these two institutions is concerned than any of the 18 or 19 meetings I have attended over the years. I found this year that the view of the majority of the people to be found in the corridors in Washington was much more favourable to the IMF and the World Bank. There was some air of optimism about the role of these institutions, notwithstanding the difficulties they are facing and will be facing in dealing with countries such as the US and some others.

Q: The proposed creation of a World Bank energy affiliate has aroused controversy and the US is opposing it. Why do you think this is so and what is the opinion of the Arab countries on this question?

A: The US has not really come out flatly and in a final fashion about the energy affiliate. From an ideological point of view, as I have said before, they are more in favour of doing more in the private sector. I don't think their comprehension of the energy affiliate is as great as one might think. Nonetheless, the Arab countries have stated officially that we are in favour of the principle of an energy affiliate. We would like to see an energy affiliate created. But again, it depends on the nature and characteristics of this affiliate.

Q: What is your conception of an energy affiliate?
A: It is difficult to say what the answer might be at this stage. But certainly the situation will be determined later. We would like an affiliate where relationships are established on the basis of a sharing of power between developed and developing countries. It is equally important that donors and recipients have a reasonable say in its management. This is, in general, what I stated in February at a meeting during the consultations over the creation of an affiliate and I think this would generally be the line of approach of the Arab countries.

Q: But there is as yet no final draft showing how such an institution would be set up?

A: Not yet. That is for when the World Bank decides when the management of the bank decides to go ahead - then we will have to restart consultations.

Q: Turning to the question of observer status for the PLO at the IMF and World Bank meetings. Everybody is predicting that because Abdel Latif al-Hamad will chair next year's meeting, the issue will be resolved in favour of the PLO. What is your answer?

A: Any Chairman of the Board of Governors is responsible for maintaining the legality of the actions of the institutions and for respecting the statutes and the laws of these institutions. To us, this has been the

bone of contention with the management of these institutions. Consequently, we are not going to violate a principle for which we have fought over the last three years.

Q: Does the principle concern the statute which states that the Chairman is allowed to invite observers?

A: No. The principle concerns the bylaws of these institutions, which must be respected. We must all adhere to them and respect them. Last year, as you know, the US and a number of other countries twisted these bylaws to arrive at a political decision, the legality of which we challenged on the basis of a quorum and a right to withdraw votes once they have been cast but before the close of the voting period. If we are defeated within the terms of the statutes of the institutions, we just have to accept it. There is nothing we can do about it. But certainly, we are not going to twist these statutes to achieve a political objective. In our mind, it would not serve the cause of the PLO to do so because it could be over-ruled the following year or even during that year. That would be a setback rather than an achievement, so we have to be very careful. Once I am Chairman, I am not Chairman of the Arab group. I am Chairman of the whole meeting. Therefore, I have to act responsibly and to the best of my ability to protect the institutions. At the same time, I will be fully committed to a position of trying to do our best in resolving this problem of the PLO.

Q: Is there a provision in the bylaws which says that the Chairman can invite observers?

A: In fact, the bylaws say that the Chairman invites observers to the annual meeting in consultation with the Executive Board. The way we read this, it is his prerogative to invite whoever he likes. But the US used its muscle on the Board and the Board ruled that there should be no addition to the 1979 list of observers, which excluded the PLO. As a result, the Chairman last year and the Chairman this year decided to invite no observers at all.

I do not know what the position will be when the issue comes before this Board. I will have to decide in accordance with the prevailing circumstances. Who would have thought the situation would change in the Middle East today as it is changing now? It (news of the assassination of President Sadat) is unfolding right in front of us. Therefore, it would be premature to say what the situation might be nine months from now.

Q: Your colleague from Saudi Arabia (Finance Minister Sheikh Mohamed Aba al-Khair) told us earlier that high interest rates in the US were having a negative impact at home (*An-Nahar Arab Report & MEMO*, October 5). What do you think of this policy?

A: I agree with him. A regime of high interest rates can have a damaging effect not only on the poor countries, but equally on the rich countries. The industrial countries of Europe are complaining very strongly about this. We find that high interest rates in the US are affecting the stability of our internal markets. It is affecting the relationships within the various currencies and affecting our institutions. Of course, some institutions are going to make more profits than usual. There will be a windfall, but this is not a healthy development. This situation cannot last very long. Otherwise, long-lasting damage will be done.

We recognise, of course, the importance of trying to destroy or to break the back of inflation. That would be the best thing that could ever happen. But the cure should not be overdone. It should be applied at the right time, like medicine.

Q: Will you be reviewing your investment policy in the light of the recent realignment of European currencies - the devaluation of the French Franc and the Italian Lira as well as the revaluation of the German Mark? How will this affect your investments?

A: The changes occurred only two days ago. It is too early to answer your question.

Q: A debate is going on about a return to the gold standard. What do you think of this?

A: The gold standard was not necessarily the actual physical mechanics of it. It was the question of giving confidence and faith - once you crack the mirror of faith, then the crack cannot be undone. You cannot cement it over. That is really what happened. So you can go back to the gold standard, but I don't think you can achieve very much, to say nothing of the complexities and difficulties of this.

Q: The Kuwait Petroleum Company is bidding to take over Santa Fé International, a company with oil drilling, exploration and engineering interests (See article on page

14). Do you wish to pursue this line further in your investment policies?

A: As you know, this is a major operation for our petroleum company. This will bring the KPC up to the level of international oil institutions. It is a major step in the sense that there is complementarity and compatibility between KPC and Santa Fé and this will give them both a chance to broaden the spheres of their activities. It will do a lot of good for both sides. It will do a lot of good for countries where we both have a lot of activities because there is compatibility. I am gratified by what I read in the papers today that this offer has been received very well by the management of Santa Fé and has the support of that management as well as, of course, the management of KPC. This is a situation which is of great value to both of us.

Q: Will you try in future to make deals of this kind? Or do you feel that the US is resistant to such mergers?

A: I don't know. I think the US is becoming more restrictive, more hostile to foreign investors and less welcoming. As far as the rules stand as they do at present, we will continue with our policies. If the rules are changed, then our policies will be reviewed to adapt to the new rules. We do not create the rules in host countries. We are led by them.

Q: Is the Santa Fé deal completed? Has the board accepted it?

A: Yes, the board has accepted it. It (the board) is now talking to various authorities in Washington. The board is supporting the deal very strongly. The directors include former President Gerald Ford and there is no question about its acceptance by management. This is a corporation in which the management is practically everything. Santa Fé becomes a subsidiary of KPC. It is the biggest deal that an Arab country has done in an industrial country. I am very proud as a Kuwaiti and as an Arab that we have been able to move with subtlety and quietness and do it correctly and professionally.

CSO: 4400/21

NEW TRUCK PLANT PLANNED

London 8 DAYS in English No 41, 17 Oct 81 p 38

[Text]

THE KUWAITI government is trying to increase its 65 per cent share in the National Automotive Manufacturing and Trading Company (NAMTCO), following the latter's announcement that it is setting up the Gulf's first truck assembly plant. According to car manufacturing sources in Kuwait and Germany, it is likely that within the next few months the government will try and buy the privately-owned shares on the Kuwaiti Stock Exchange.

NAMTCO's managing director, Adel al Ateeqy announced recently that the assembly plant will go into operation next September, under license from the West German truck manufacturer Magirus-Deutz AG. The plant will assemble seven different types of trucks — four for military use and three for civilian, with a capacity of between seven and 23 tonnes. The plant will be located in the Shuaiba industrial estate.

A Magirus-Deutz spokesman in Germany said that the estimated total cost of setting up the plant will be about \$13m. He added that the West German company had no capital participation in the venture but that it would provide supplies, technical assistance, supervision of production lines and staff training. Arrangements are already being made to send members of the company's staff for training in Magirus-Deutz centres, according to Al Ateeqy.

NAMTCO has increased its capital from \$12.8m to \$20m to meet the costs of the

truck assembly project. The first phase of construction is to be completed within three months.

NAMTCO has been studying the possibility of setting up such a plant since the company was first set up in 1973, says Al Ateeqy. The initial feasibility study was prepared by the British firm Metra Consultants, but the Kuwaiti INCO Engineering was later assigned to prepare the feasibility studies on which the project is now based. The plant is expected to reach its full capacity of 1,000 trucks a year — representing a third of the region's current requirement of 3,000 trucks a year — at the end of 1984. During the first year of production, its capacity will be 300 trucks on a SKD (semi-knocked-down) basis, which means that the skeleton of the vehicle will be imported from Magirus-Deutz and the assembly completed in Shuaiba.

'Initially when NAMTCO was set up it was an open shareholding company, but in 1975 the government made a 65 per cent acquisition,' said Al Ateeqy. The Kuwaiti company is the agent of three major European car manufacturers in Kuwait: BMW, Renault and Magirus-Deutz. At present, it is a major shareholder in a joint venture producing trailers and tank transporters with the French company Lohr and the Industrial Bank of Kuwait. The joint venture — Arab Transport Vehicle and Industrial Company — already produces 1,000 trailers a year.

CSO: 4400/21

KUWAIT

BRIEFS

NEW FISHING HARBORS--Kuwait is to build two new fishing harbours at a cost of around \$14m. The harbours, which are expected to be ready by end-1983, are to include depots and refrigeration facilities. The formation of a Kuwaiti fish marketing company has been proposed, to eliminate the current domination of the market by middlemen who are taking a 30 percent profit. This would ensure a continuous supply of fish throughout the year by employing full-time fishermen.
[Text] [London 8 DAYS in English No 41, 17 Oct 81 p 40]

CSO: 4400/23

LIBYA

JUSTICE SECRETARY DISCUSSES RELATIONS WITH SUDAN

GF191851 Kuwait AL-WATAN in Arabic 18 Oct 81 pp 1, 9

[Text] Muhammad Balqasim al-Zawi, Libyan secretary of justice, [name as published] holds Sudan responsible for escalating tension between the two countries. He informed AL-WATAN--after delivering a message from Libyan leader Mu'ammar al-Qadhafi to his highness the amir--that Libya does not want to go to war with Sudan, which he said has been escalating tension with his country because of Khartoum's desire to impose former Chadian Defense Minister Hussein Habre on the Chadian people. France previously failed to carry out this task. He denied the existence of any disagreement between Sudan and his country other than the issue of Hussein Habre.

The Libyan official disclosed that prior to 'Id al-Adha, [8 October] Libyan armed forces chased Habre's forces out of three Chadian villages on the border with Sudan. He explained that Habre's forces entered the villages following the Libyan offensive in which warplanes took part. He added that Sudanese soldiers were captured by Libyan forces during this fight.

The Libyan minister said that Libya opposes the Camp David accord and the peace agreement signed by al-Sadat, along with other Arab states that abide by Arab summit resolutions. He added that Libya does not want to become involved in a war with Egypt. He also noted that Libyan popular conferences have tried to prevent any confrontation between the Libyan and Egyptian armies. He also said that a huge project is under way to convert the desert along the border between the two countries into forests as a sign of Libya's good intentions.

Asked about what Kuwait can do to prevent a war from breaking out between Libya and Sudan, the Libyan minister said that Kuwait can do much. It can contact the Sudanese Government and explain the issue to it. It can also join the other states in the region in calling upon Egypt to return to the Arab nation and bury submissive treaties along with al-Sadat. He added that it is the duty of the Arab nation to put all its resources at Egypt's disposal and completely disregard the personality of the Egyptian president. Whether he is 'Abd al-Nasir, al-Sadat or Husni Mubarak, Egypt is the heart of the Arab nation, and this heart must resume beating.

He added that it is not right that the Arab nation continues to watch the United States preying upon Egypt in an attempt to force it [to] proceed along the Camp David march. We must rush toward Egypt to return it to the Arab nation. He said that Libyan conditions for reconciliation with Egypt are that it must abandon Camp David and the peace agreements.

OIL SECRETARY REVIEWS STATUS OF RESERVES

London 8 DAYS in English No 40, 10 Oct 81 p 53

[Article by John Leroux]

[Text]

THE WORLD oil glut could seriously hamper Libya's plan to accelerate its drive to uncover huge new reserve basins. Moreover, dwindling petrodollar earnings might delay a \$1bn enhanced recovery programme.

Since commercial production started in 1961, Libya has depleted a third of its proven recoverable reserves, now estimated at about 27bn barrels. Although Libyan sources claim that 72-75bn barrels are in place, with Oil Secretary Abdussalam Mohammed Zaqr claiming the much higher figure of well over 120bn — which would thus put Libya in the same category as Iraq and Kuwait — the foreign oil industry has added very little to the country's crude assets so far.

Since Zaqr took over from Eziddin al Mabruk in spring 1980, he has repeatedly stressed the urgency of finding as much oil as the country would actually lift during this decade. 'Otherwise, how can we protect our reserves?' he said to *8 Days*. 'What happened during the 1970s amounted to a complete depletion. I consider it a total failure from all of us, because I am part of it too.'

'Oil companies have a share in this failure. Libya produced more than 8bn barrels during that period but discoveries totalled only 3.9bn. And more than 80 per cent really came from the Arabian Gulf Exploration Company (the state-owned Ageco) with the rest from foreign companies. If you compare their production with what they

actually found, it is catastrophic. There was a general slackening of exploration programmes. The few companies that did carry out their programmes were unsuccessful.'

What Zaqr really deplores are mounting complaints by oil companies that earnings on Libyan crude are so low that exploration isn't worthwhile. About 35 rigs are working throughout the country, and although Occidental Oil is said to have chopped down its planned exploration programme for 1982, the overall search has not been significantly affected so far. But, according to foreign industry sources operating in the country, if markets don't improve within the next 12-18 months, their exploration drive could slow down even further.

A recent development came when Elf-Aquitaine finally went ahead with its exploration programme on four major tracks: Hamada (6,559 sq km), Es Sider (3,725 sq km), Marsal el Brega South (3,141 sq km) and Sarir West (1,430 sq km) with one offshore block, No. 15 (800 sq km).

Although this go-ahead is part of France's attempts to normalise relations with Libya, it masks a much greater drive to develop what is perceived in Paris as 'politically safer' oil havens in North Africa. In fact, most of Elf-Aquitaine's personnel will concentrate in neighbouring Tunisia and Algeria.

For the time being, the country's leadership is particularly worried about the links established by some foreign companies between current exploration activities and

production or liftings under actual pricing conditions. 'During the last decade, there were good and bad times in terms of profits for oil companies,' says Zaqr. 'Besides, if you are to go into new exploration ventures, you really have to bring in fresh money. Then if you make a find, you will make enough money which shouldn't have anything to do with older fields.'

'The other aspect is that some companies lost good opportunities. They used to have acreage or concessions and, just by stubbornness, abandoned them. So we took them back, we drilled and we found hydrocarbon reserves.'

On 5 August, Libya's number two, Major Abdelsalam Jalloud, called all foreign operators to a meeting in Tripoli. 'The call of brother Jalloud to oil companies was when they relaxed liftings and didn't want to fulfil their obligations — even their contractual commitments — in the exploration area,' says Zaqr. 'We had already looked at the situation in early 1980 and found no evidence substantiating their loss claims. They were all making money. Now we are still reviewing the situation, and if it shows that they are in the red, that the industry is indeed losing money, we have to find corrective measures. After all, they are in Libya to make profits — but reasonable profits, not exaggerated ones.'

'Most of the companies are not meeting their obligations. They should lift whatever they are committed to buy back from Brega (a state-owned marketing arm). They also should lift their share of production because

they are currently causing serious storage bottlenecks which, in turn, hampers Brega's ability to produce. A case in point is Oasis, and particularly Marathon.'

Libya is now concentrating on two new pools: Messla between the Sarir field and the Egyptian border, and Western Libya. Under the supervision of Ageco, says Zaqr, 'Not less than ten drilling rigs are working in Messla,' including Soviet platforms. 'Messla is a major field by Libyan and international standards' that could yield up to 800,000 b/d. 'We are busy delineating the field before we tie it with Sarir through pipes, that could reach a diameter of up to 42 inches, heading for Ras Lanuf. But that won't be ready before the third quarter of 1982.' For obvious security reasons, the line up to Tobruk may eventually carry water.

'As for Western Libya, where the Agip find is much smaller, the first production stage of 60,000 b/d will be reached before the end of this year.' In the long run, the oil secretariat is studying a \$1bn plan to boost the recovery rate of oil reserves by some 25 per cent. The current rate is about 35 per cent and the plan could increase actual recoverable reserves by 7bn barrels.

Gradually, oil companies have been switching from oil to gas injection recovery methods, but the mammoth petrochemical schemes may require all the gas available and put an end to this trend. In 1982, a 3-year pilot scheme will be initiated to test all the existing fields on a case-by-case basis to establish optimum methods of recovery.

CSO: 4500/20

PEOPLES DEMOCRATIC REPUBLIC OF YEMEN

ADEN PFLO RADIO CALLS ON OMANI TROOPS TO MUTINY

EA091340 Aden Voice of PFLO in Arabic 1545 GMT 8 Oct 81

[Unattributed commentary]

[Text] Brother Omanis, soldiers in the army of the agent Qabus: Ask yourselves, in whose ranks are you now serving and what gun are you now carrying? Ask yourselves, brother Omani soldiers, for the sake of whom are you fighting and dying? What should you do?

Look to your right and left. What do you see? American and British camps on your Omani land. The British are commanding you in this agent army. The Jordanians and the Zionists are imposing punishment on your relatives.

Brother Omani soldiers: You are now serving in the ranks of the enemies of your homeland, the enemies of the Omani people. You are serving in the ranks of those fighting against the freedom and independence of Oman. You are standing in one trench with the Americans, the British colonialists, the (?stooges) of King Husayn and the mercenaries of Qabus, whom he has gathered from various parts of the world in order to slaughter your own people.

You are standing alongside all of these, but against whom? Against your relatives, against your people, against your homeland, against your religion.

I call on you, brother soldiers to wake up from your sleep in time to recognize your true enemy. Know, brother soldiers, who they are, and I mean that they are the enemies of the people and the homeland. Know that they have instructed you in many things and told strange stories about the revolution and about the strugglers.

They tell you that the revolution is communist-inspired and that the fighters are terrorists, infidels and apostates. And they tell you, brother soldiers, that you are defending the homeland, that you are fighting for the sake of the people, and that you are defending the true religion.

They might even say that you are defending the sultan. But they will never say that you are defending the British and dying for the Americans.

Know also, brother soldiers, that you enlisted in this army either as hungry people or as deceived recruits. If you entered it as hungry people, then, brother soldiers, do you want to feed your children and family with a morsel of bread dripping with the blood of martyrs from among the sons of your homeland?

If you have been deceived and misled by the falsehoods put out by the cheats and traitors, then it is time you knew the truth, which is near enough to see. You can see it with your own eyes. In front of you are Americans, British and Jordanian agents and mercenary murderers. All of them are in the process of mangling your people and your revolution, like hungry wolves.

Think well, brother soldiers, about your destiny and that of your children and your family. Who knows what calamitous situations you might find yourselves in, when you might be ordered to kill your fathers or your mothers or your brothers or your sons or friends who are dear to you, because they chose the ranks of the people while you were still in the agent army. If he is killed, God forbid, while you are in this army, what will your children say to the sons of their section [as heard] that our father was killed while fighting with the Americans, the British or the mercenaries, that he was fighting the revolution? What a disgrace you would bring to your offspring. It would remain a stigma for the rest of their lives, a living sin.

Brother Omani soldiers: The weapons you are carrying are not those of the people. They do not belong to the homeland. Rather they are the weapons of evil and aggression, guns belonging to the Americans or the British, which you received from one of the colonialists in (al-Ghawarib), from the [word indistinct] camp or in the bases of Salalah or Thamarit.

You are fighting against your own people and killing your own relatives with such weapons. Throw them, brother soldiers, in the faces of the colonialists and their traitorous agents.

If you still insist on remaining in this army, what should you do? Instigate your brother soldiers to rise up against the colonialists and imperialists. They must disobey the orders of the colonialists and traitors; they must not carry them out.

Always listen to the radio of the revolution, and convey its message to (?your brothers in the army).

Brother soldiers: Beware of traitors in this army. May God grant you success. Victory comes always to [words indistinct] their freedom and independence.

Remain well, forever.

CSO: 4404/53

PEOPLES DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

TELEVISION DEVELOPMENTS--Brother Ali 'Abd al-Razzaq ba Dhid, member of the Central Committee and deputy chairman of the Council of Ministers, this morning opened the TV transmission station in al-Dali, which will cover the northern and north western areas of Lahj Governorate and the parts bordering on the northern part of the homeland. The project cost about 500,000 dinars. The power of the station is 1,000 (?watts) [as heard]. It operates vertically [Arabic: amudiyyan] from channel number five. It is worth mentioning that work is underway to install the equipment of the television transmission station in Mukayras with a power of 2,000 watts. It will cover the northern area of Abyan Governorate, some parts of Shabwah Governorate and areas bordering the northern part of the homeland. Work is expected to be completed next December. [Excerpts] [EA221516 Aden Domestic Service in Arabic 1230 GMT 21 Oct 81]

CSO: 4404/53

JOINT STATEMENT ISSUED WITH SENEGAL IN DOHA 22 OCTOBER

GF221314 Manama Gulf News Agency in Arabic 1140 GMT 22 Oct 81

[Text] Doha, 22 Oct (GNA)--Qatar and Senegal have stressed their strong belief that just and permanent peace in the Middle East cannot be achieved prior to Israel's complete withdrawal from the Arab territories that were occupied in 1967, including holy Jerusalem. They have also noted that the Palestinian question must be resolved on the basis of recognizing the legitimate and fixed rights of the Palestinian people, including their right to establish an independent state in their homeland.

In a joint statement issued in Doha today--following Senegalese President Abdou Diouf's 3-day visit to Qatar--the two sides stressed the necessity of the PLO's complete participation in any efforts aimed at resolving the Palestinian question, because the PLO is the only legitimate representative of the Palestinian people.

The Qatari and Senegalese sides denounced Israel's aggressive activities against Lebanon, Israel's continuing attempts to intervene in Lebanon's internal affairs, its savage aggression against innocent civilians and its violations of Lebanon's territorial security. They affirmed the necessity of supporting the efforts made to achieve peace and security in Lebanon. They also stressed the importance of preserving its security, sovereignty, independence and integrity under its legitimate authority.

The Qatari and Senegalese leaders stressed that the security and peace of the Gulf region is the responsibility of the region's states. They also stressed the necessity of keeping the region away from the conflicts of the international superpowers.

The Qatari side explained to the Senegalese side the principal goals of the Gulf Cooperation Council, which reflect the determination of the member nations to bolster cooperation and to reinforce their social and economic foundations in order to achieve prosperity. The Senegalese side expressed support for this positive step and wished the council every success in achieving its goals.

The two sides demanded the withdrawal of foreign forces from Afghanistan and nonintervention in its internal affairs. They also stressed the importance of respecting its independence, complete sovereignty and territorial security and the right of the Afghan refugees to return to their homes.

The two leaders affirmed their full support for African liberation movements and condemned the policy of racial discrimination. They stressed their commitment to support the struggle of the African nations in order to end all foreign hegemony and to reinforce their struggle to achieve independence and sovereignty.

The two sides expressed support for the Namibian people's struggle under the leadership of their sole, legitimate representative, SWAPO, which is struggling for independence. They also called on the international community to pressure South Africa into granting independence to Namibia in accordance with UN Resolution 425.

The Qatari and Senegalese sides stressed their commitment to the principles of the Nonaligned Movement in order to bolster peace and achieve world progress. They also stressed the great importance of solidarity among these countries and their rejection of any attempt to undermine their solidarity.

The two leaders stressed Qatar and Senegal's commitment to the resolutions of the Islamic conference. They also stressed their willingness to expand joint cooperation that may benefit both countries and peoples.

The Senegalese president invited the Qatari amir to pay an official visit to Senegal. The amir accepted the invitation, and the time of the visit will be determined later.

CSO: 4404/51

SAUDI ARABIA

INTERIOR MINISTER COMMENTS ON SECURITY, EGYPT

PM161401 Jidda 'UKAZ in Arabic 14 Oct 81 p 3

[Interview with Saudi Interior Minister Nayif ibn 'Abd al-'Aziz by 'Abdallah Sakr--date and place not given]

[Excerpt] [Question] Your highness, how will you deal with pilgrims who violate the law after they have completed their rituals?

[Answer] These violations must cease. It is the responsibility of every pilgrim to return to his homeland, and all citizens must refrain from hiding violators and providing them with work. The Ministry of the Interior will carry out a campaign to force violators to leave the country, and anyone who facilitates the residence of any pilgrim who remains beyond the pilgrimage period will be punished.

Universal Unified Passport

[Question] The idea of a unified passport. Will that solve the problem?

[Answer] There is no doubt that the idea of a unified passport would aid in identifying the violators and providing rapid information about them. However, not all pilgrims carry this passport, only those from 14 countries.

We hope that in the coming years the unified passport will be common to all pilgrims.

[Question] Your highness, what steps can be taken in coordination with the Islamic countries to instruct pilgrims and to keep them from causing trouble?

[Answer] This is something that is being worked on, and all countries with Saudi embassies and from which pilgrims come have been provided with directives for pilgrims to abide by. This will undoubtedly be repeated in future years at an early enough time so that the pilgrim will be aware of the things which must not occur. We have high hopes that everyone will be able to take care of this matter and that the kingdom will not be forced to resort to measures it does not wish to take with any pilgrim of any nationality.

Hopes for Egypt

[Question] What do you expect will happen now in the region in light of the recent changes in Egypt?

[Answer] This is a matter specifically for the Egyptian people themselves and for the Egyptian Government. This is an internal problem, and it is difficult for me to discuss this matter until there is a complete picture. I do hope, however, that the causes for Egypt's estrangement from the Arab world will disappear.

I hope that we will find Egypt in its rightful place, God willing.

[Question] Your highness, do you expect Egypt to answer the invitation the Arab countries will reportedly send it to attend the upcoming Arab summit conference?

[Answer] I have no knowledge of this.

[Question] Your highness, what is the nature of the security threats confronting the region now, and how can they be combated?

[Answer] There are many security threats, and combating them begins with an understanding of these threats by the people of the region who must depend, after God, on themselves to confront such threats with cooperative, objective efforts. The region must be prepared by all possible means, and this effort must come from the people of the region itself.

[Question] In this regard, is there security cooperation between the Gulf states?

[Answer] Yes. There are ongoing contacts in this regard, and we hope that they will develop further.

Continuing Security Contacts

[Question] Did the Gulf foreign ministers conference in at-Ta'if recommend a specific strategic position in the field of security? What, up until now, has happened in this regard?

[Answer] In reality we, as a security apparatus, have not yet received anything which originated at that conference. However, our contacts are continuing.

[Question] Will the results of these security contacts be ready for the Gulf states summit?

[Answer] We are conducting intense negotiations among the interior ministers of the Gulf states, working toward establishing a security plan in which all of these states participate. God willing, it will be completed and ready for implementation, but it requires the efforts and study of everyone.

CSO: 4404/53

SAUDI ARABIA

HIRING OF CHINESE LABOURERS REPORTED

London 8 DAYS in English No 41, 17 Oct 81 p 40

[Text]

SAUDI ARABIA is about to receive its first batch of migrant labourers from mainland China, and the Hong Kong intermediaries setting up the deal are confident that it will not affect the close diplomatic relationship between the kingdom and Taiwan.

The Chinese workers are being offered by the Fujian province authorities to the Hong Kong firm Zim-Chem, which will endeavour to employ them on construction projects in the Middle East, primarily in Saudi Arabia. The Chinese workers themselves will apparently receive only about 10 per cent of their effective wage, with a further 80 per cent being handed over to the provincial authorities. Even so, this 10 per cent will represent about double their average take-home pay in China.

Chinese workers have been employed in the Middle East before, notably in Iraq, where Japanese companies hired labour gangs for their Basra port project before the outbreak of war sent both the Japanese and their workforce fleeing.

The diplomatic undertones of the deal are significant only in that they could help indirectly to dispel some of the more acid

comments about the subsidised South Korean presence in the kingdom in the past. South Korea offers its citizens the option of working overseas or doing military service, both at fairly low rates of pay. It is ironic, in this context, that by far the most successful Taiwanese firm in Saudi Arabia is Retser — the Retired Serviceman's organisation.

Trade between Taiwan and Saudi Arabia increased from \$950m in 1978 to \$2.2bn in 1980, said Saudi ambassador Assad Abdelaziz al Zuhair, speaking to newsmen in Taipei.

Referring to Taiwan's oil requirements, he said the Saudi government treated this as a top-priority issue. The Taipei government has been importing 140,000 b/d of oil annually from Saudi Arabia, accounting for almost 40 per cent of its oil imports.

Zuhair also referred to the bilateral cooperation achievements of the two countries in the economic, agricultural, fishery, scientific and technological fields. He said that relations would be strengthened further, as the Saudi government planned to set up a centre in Taipei to promote cultural exchanges between the two countries.

CSO: 4400/21

SAUDI ARABIA

LOCAL FIRMS TO GET PREFERENTIAL TREATMENT

London 8 DAYS in English No 41, 17 Oct 81 pp 36-37

[Text]

SAUDI GOVERNMENT AGENCIES have now received their second official memorandum this year laying down guidelines to ensure that local contractors get priority treatment in the awarding of government contracts. The aim of the new measures is twofold: to reduce the expatriate workforce and to keep the local firms' order books full.

The attention being paid to this particular objective suggests that the Saudis have a problem on their hands. The first order, issued nine months ago by Crown Prince Fahd, reminded state departments and agencies of the necessity to put contracts out to open tender, and also confined the construction of roads, flyovers and bridges, and small and medium-sized buildings, to Saudi contractors.

This communiqué followed the cancellation of tenders from four prequalified international firms for a National Guard housing programme, on the grounds of pricing collusion, and growing complaints from the Saudi business community that too many jobs were going overseas.

Earlier this year, Crown Prince Fahd set up a ministerial committee for the encouragement of Saudi contractors, which included finance minister, Sheikh Mohammad Abalkhair, the planning minister, Sheikh Hosham Nazer, and Hussain al Mansouri, the minister of communications. By August the committee had drawn up a communiqué containing four recommendations.

Three of these codify existing practices or restate principles which have up to now been overlooked: agencies should do their best to enable Saudi contractors to undertake government projects; projects should be subdivided wherever possible to a manageable size for Saudi firms, and that contract clauses stating that foreign firms cannot sub-contract without prior permission should be strictly enforced.

The fourth recommendation — that non-constructional operations, such as catering, maintenance, operation, employment, and the transport and supply of raw materials should be reserved for Saudi contractors — is a new proposal, further protecting Saudi businesses.

Saudi ministries have been fairly diligent over the past two years in splitting up projects into smaller job lots. Although this has caused some delay in the award of contracts, in certain cases, for example the new Riyadh university or diplomatic centre, there has been a concomitant reduction in overall costs as well as greater local participation.

One agency that has gone out of its way in giving as much work as possible to local contractors is the Royal Commission for Jubail and Yanbu. Initially the secretary-general, Farouk Akhdar, estimated that 60 per cent of the work at Jubail and Yanbu was being carried out by local firms. According to industry minister Dr Ghazi al Gosaibi, 71 per cent of the two industrial cities' projects are now in the hands of local

contractors, with a further 25 per cent of the work being carried out by joint ventures.

Road building is another area where Saudiisation has been successful. In September Saudi firms won the bulk of contracts for the new Mecca-Medina highway. The Saudi riyals 2.5bn (\$750m) road has been split into ten sections — the longest only 75km — and local firms are to handle eight of them.

The Saudi firms involved here are Al Medina Contracting and Trading Company, Al Mahani General Contractors, General Agencies Corporation, a joint venture between Talal Establishment and Abdul Jabbar Establishment, Al Harabi Establishment for Trade and Contracting, and Assakkaf Establishment.

The other two sections of the road have gone to South Korean firms with proven roadbuilding experience in the kingdom.

The disadvantage with South Korean firms, however, is that they will bring over their own workforce.

On the face of it the latest Saudi moves to encourage local contractors extend a considerable ring of protection around the kingdom. All trade has to be channelled through Saudi agents or agencies. Government departments are supposed to favour local products as long as they are no more than 10 per cent more expensive than available imports. Now local contractors will receive preferential treatment.

Yet the Saudi market is by no means closed. Foreigners participating in joint ventures in the kingdom will profit from the new measures. Many others active in the kingdom told *8 Days* that it would be some time yet before Saudi firms could tackle some of the more complicated and profitable projects to be completed during the third five-year plan.

CSO: 4400/21

SAUDI ARABIA

BRIEFS

PAPER EXPECTS EGYPTIAN-SUDANESE MERGER—Jidda, 15 Oct (QNA)—Quoting observers in the capital [not further identified], a Saudi newspaper said today that Egypt and Sudan will announce a complete merger in the next few months. The Saudi newspaper 'UKAZ' says that Egyptian President Husni Mubarak and Sudanese President Ja'far Numayri are currently outlining the format of this agreement, which will be announced after the new Egyptian administration has settled its internal affairs. The newspaper adds that the structure, nature and function of Egyptian institutions will be reviewed to ensure that they conform to the plan for establishing a merger between the two countries. [Text] [GF151249 Doha QNA in Arabic 1050 GMT 15 Oct 81]

SOUTH KOREAN ASSISTANCE--Saudi Arabia and South Korea start a joint research project this month to develop Saudi construction material resources. They will also conduct a study on the use of poultry manure for fertiliser feedstock. Ten South Korean scientists and economists will leave for Saudi Arabia later this month. The programme is part of the implementation of a scientific and technological cooperation agreement. [Text] [London 8 DAYS in English No 41, 17 Oct 81 p 41]

CSO: 4400/23

ENVOY TO ZAIRE ON AL-SADAT DEATH, LIBYAN ROLE

AB151354 Kinshasa Domestic Service in French 1200 GMT 15 Oct 81

[Text] The founding chairman of the MPR, Mobutu Sese Seko, this morning received in audience Mustapha Faruq, Sudanese ambassador to Zaire. At the end of the audience, Mr Faruq replied to questions from the press.

[Begin recording--in English fading into French] [Question] I think Sudan is one of Egypt's closest allies. What do you think the country's future will be after the death of al-Sadat, and the changes that have taken place in Egypt?

[Answer] Well, I am sure of one thing: President al-Sadat has been assassinated. There are people who will take over, and I think the present situation has shown that a new president has already been elected and the old government has continued to function because the system in Egypt is a good system and has been going on for a long time. We in Sudan are supporting Egypt because of the friendly relations between our two countries. Many fields of political and economic cooperation are really beneficial to both of us. Egypt has always been a great ally to us, and it will support Sudan in times of crisis. My president himself has participated in the plebiscit as an Egyptian.

[Question] Your excellency, doesn't President Numayri himself fear he will be the victim of the destabilization movement against his regime, as happened in Egypt?

[Answer] Well, you see what happened in Egypt was a coup made by a fanatical group, and our president believes in his people and believes in God, and as such he is sure that nothing is going to happen. Meanwhile we are going to take the necessary measures to ensure our country's security.

[Question] Your excellency, do you think a preventive attack on Libya is possible as President Numayri declared a few days ago?

[Answer] Libya has always been taking provocative actions against our country. They have attacked our eastern border with Chad, but up to now we have been practicing a policy of self-restraint. We are going to take the necessary measures to protect our borders and our people. I have already conveyed to his excellency President Mobutu a verbal message from our president concerning the provocative action made by Libya against our country, and his excellency the president understood the situation. I also conveyed to his excellency our stand concerning the next OAU summit which is supposed to take place in Libya, which Sudan has categorically refused to attend. The president also understood our position. Thank you.
[End recording]

SUDAN

OPPOSITION LEADER CONDEMNS LATEST DEVELOPMENTS IN NATION

London Al-DUSTUR in Arabic No 197, 31 Aug 81 pp 28, 29

[Interview with al-Sharif Husayn al-Hindi in London by AL-MADINAH: "I Am Amazed at Development in the Kingdom; the Sudanese-Ethiopian Honeymoon Is Short-Lived;" date not specified]

[Text] A few weeks ago, Field Marshal Ja'far Numayri gave a speech in Khartoum which for the most part consisted of a cheap attack on al-Sharif Husayn al-Hindi, head of the Federal Democratic Party and leader of the Sudanese opposition. However, al-Sharif al-Hindi, with the meaning he represents to the Sudanese people, does not stand alone on the Arab stage. The Sudanese leader has friendships and relationships that call the Arab press out in his wake in the search for the truth and the quest for information, from the Lebanese papers to the Arab papers issued in Cyprus, to their equivalents issued in Paris and London and the Saudi AL-MADINAH AL-MUNAWWARAH, whose correspondent 'Abd-al-Bari 'Atwan met him in the British capital and held the following interview with him.

/Question/ What are your views on the current conditions in the fraternal Sudan?

/Answer/ No one is working in the Sudan, no one is committed to survival, everyone is standing in bread lines and wandering around markets looking for nonexistent goods.

I know a Sudanese government delegation that went on an official mission to an Arab country. The delegation members found jobs, and no one in it went back to home. All development projects have been suspended.

/Question/ Do you expect to see an improvement in these conditions?

/Answer/ We are not proponents of traditional military coups; if we had been proponents of one against this government it would have happened years ago and succeeded. Rather, we believe in democratic action.

/Question/ Why haven't you yet returned to Khartoum, following the signing of the reconciliation agreement with President Numayri, especially since al-Sadiq al-Mahdi, your opposition colleague, has gone back and is now participating in the regime.

/Answer/ al-Sadiq al-Mahdi went back without conditions. We have rejected this reconciliation, which is unwritten and unconditional. The regime signed a reconciliation agreement with us in which we demanded democratic rights and the guarantee of basic freedoms such as the freedom to publish and form /parties/ and independence of the judiciary. We demanded a referendum on the Sudanese people's desire for the form of democratic life, to determine whether it wanted a single party or a number of parties. There was no section in the agreement demanding my return. It was natural that I would return following the agreement. I refused to return and said "We could time the return to the abrogation of the exceptional laws restricting freedoms, which have been said to have been imposed because of specific circumstances and must disappear with the disappearance of these conditions, that is, with the reconciliation." They told me, "Go to the Sudan and these laws will be abrogated as soon as you arrive." I insisted that I would go back as soon as I heard that these laws had been abrogated, in spite of my suspicions that this abrogation might be contested and that these laws could be reimposed overnight.

The circumstances have now changed, and this agreement, that is, the "reconciliation agreement," has been abrogated and is invalid.

There are previous experiences with reconciliation that did not succeed, such as the Jiddah Agreement which was made with President Numayri himself over everything, including the final communique. We said goodbye to him at the airplane agreed that this statement would be announced as soon as he reached Khartoum, but this statement has not yet been announced.

I do not believe that I would be making any changes if I did return. We had hoped for an atmosphere in which we could enjoy consultation in order to save the current situation. We have not been given any such atmosphere. The dispute arose on the authorities' part, not on ours. The laws restricting freedoms have increased.

An Arms Merchant

/Question/ President Numayri, in a speech of his that was published recently, accused you of being an arms merchant. He said that you stole funds from the Sudanese treasury when you were minister of finance before the May Coup. What is your answer to these charges?

/Answer/ I am a man who is not an arms merchant but a man who attracts arms for a cause, and I am an expert in that. I have attracted arms for our forces in Ethiopia and I have attracted them to the desert. I will attract them now. I attract arms from countries but do not possess the resources for buying arms from smugglers.

As for the statement that I stole the Sudan's money and diverted it to my account when I was minister of finance, before the May Coup, that is suspect. Did I know that the coup would take place and therefore stole the Finance Ministry's money? If I did steal it continuously before the coup, wasn't there an accounting agency when there really and truly was a department of finance and a Sudanese Central Bank? Is the money for any ministry given to the minister and deposited in his personal account? It is well known that for me to be able to spend 20 pounds in the Sudan I would need 20 signatures.

If I stole money, then why didn't President Numayri take me to trial, even if in absentia? Why didn't he form an investigating committee? Finally, why did he effect a reconciliation with me? Is it reasonable that President Numayri should sign a reconciliation agreement with an arms merchant and a man who steals money?

I Am Not a Communist

/Question/ Many people believe, on the basis of the charges of the Sudanese government and your foreign connections, that you are a communist. What is the truth of these charges?

/Answer/ This is a false belief. We opposed the regime of President Numayri since the beginning because it was a communist regime, or at least contained a large number of communists, in major positions such as the cabinet and the Revolutionary Command Council.

When we were in the government before May we approved the Islamic constitution, rejected Resolution 242, which was issued by the Security Council, and refused to support 'Abd-al-Nasir's endorsement of this resolution.

We agreed to a reconciliation with President Numayri when the communist coloration disappeared from the government, after his victory over the September communist coup.

/Question/ President Numayri has restored normal relations with Egypt; what in your opinion are the main motives for his embarking on this step?

/Answer/ Relations between Egypt and the Sudan were not cut off. If they were cut off at some point that was on the part of Egypt, not the Sudan. Relations existed and the Sudan's ambassador to Egypt was minister of state for foreign affairs.

President Numayri wants to seek the aid of Egyptian forces to protect him. There now are 100 Egyptian planes in the Sudan and dozens of Egyptian tanks on the borders, on the pretext of protecting the Sudan from foreign invasion. Egypt now controls security in the Sudan. al-Sadat has declared that he is prepared to play the role of policeman in Africa.

There is a mutual defense agreement between Egypt and the Sudan. What happened is that President Numayri requested that it be carried out and agreed to the entry of Egyptian tanks, airplanes and security forces.

/Question/ How would you characterize Ethiopian-Sudanese relations at the present time? It is noted that these relations are marked by tranquility and concord in spite of the great conflict between the two regimes. The Ethiopian regime is marxist and the Sudanese regime is moderate.

/Answer/ There are no good relations between Ethiopia and the Sudan; rather, there is a tactical agreement between two men, one of whom wants to rid himself of the other. All there is to the matter is that the Ethiopian president has problems with Somalia abroad and domestic problems represented by the struggle of the

Eritrean liberation fronts and some tribes opposed to the regime of the dergue; therefore he is compelled to lessen the severity of the pressure on his regime by improving his relations with the Sudan, in the hopes that will result in an end to the flow of arms to the Eritreans over the Sudanese borders.

President Numayri, on the other hand, has wanted to stop the activities of the camps in the north and west which the opposition is carrying out, and Ethiopia is the key to that.

So it is a commercial deal, and this deal will not last. The Ethiopian government is unable to continue, under the pressures on it from the north and the south, and arms are continuing to flow to Eritrean fighters. The border between Ethiopia and the Sudan is 6,000 kilometers long and consists of forests, rivers and overlapping tribes.

If the Americans want bases in the Sudan, these bases will be against Ethiopia and the agreement will collapse. In general, these types of agreements do not affect us.

/Question/ What impressions did you produce from your visit to Saudi Arabia in the last pilgrimage?

/Answer/ I was gladdened by the development that has taken place in Saudi Arabia in recent years. Most honestly and truthfully, because of my knowledge of the country, I was amazed, because I could not recognize its landmarks--unlimited development had occurred there, the economic structures there were completed, and farms were established there. Communications there have been eased in a manner alleviating the intensity of all congestion and the airports and hotels in Jiddah and Medina can absorb any number of people. I am a man with long standing acquaintance with the kingdom and I felt the utmost happiness because in the period of just 6 years all the economic structures have been built, development has occurred and pilgrims are safe and secure.

11887

CSO: 4504/5

SUDAN

ECONOMIC PROBLEMS OF NATION DESCRIBED

London AL-MAJALLAH in Arabic No 81, 29 Aug-4 Sep 81 p 31

/Article: "Sudanese Abroad Number a Quarter Million and Their Remittances Total \$300 Million"/

/Text/ Two weeks ago the capital of the Sudan, Khartoum, hosted a conference organized by the Socialist Union, the ruling political organization, to discuss the affairs of Sudanese working abroad. Although the conference was aimed at dealing with various aspects of the subject of emigration, the economic aspect nonetheless was dominant. The lowest estimate places the number of Sudanese working abroad at around a quarter million persons with various skills, and for the Sudan (as is the case with all labor-exporting countries) their financial remittances are a good source of the hard currency in which it is deficient. It is believed that \$300 million came into the country from these people last year alone.

However, this figure seems modest, because of the expatriates' reluctance to send their money and because of the instability of monetary policies and the unrealistic nature of the official exchange rate of the dollar relative to the open market, where the value is only about half the former, causing the black market in currency to flourish.

In the middle of July, the government officially attempted to rationalize the foreign currency trade and permitted persons and companies to open exchange offices, on condition that they have the necessary capital, ranging from \$100,000 to \$200,000, and deposit it with the Bank of the Sudan, the central bank, and that the sales prices of the currencies be announced daily.

This step was considered a new indication of the current policy of eliminating government restrictions and of observing a commitment to the true nature of the market.

The general budget, which went into effect last 1 July, constitutes a continuation of this trend, which began 3 years ago when the Sudan accepted the advice of the International Monetary Fund and reviewed its ambitious development programs, devaluing the Sudanese pound by 20 percent, reducing government spending and taking the government out of small money-losing economic activities.

The budget witnessed an upsurge of 70 percent in terms of collections, totalling 1,005,000,000 Sudanese pounds as a result of improved tax collection and the creation of new taxes.

The expenditures column contains disbursements of 1,568,000,000 pounds, 476 million of which go for development, especially in the fields of agriculture and industry, which need to replace the young people in the projects in which they are established. There is the sum of 120.7 million to support electric power projects and construct a new oil refinery in Kusti. Energy expenditures constitute a factor of pressure on spending, since it is expected that the oil bill for this year will come to \$500 million, as compared with \$368 million last year.

The budget has also been distinguished by the giving of incentives to growers of cotton, the Sudan's main crop, which will be calculated on the basis of the parallel market price, that is, 80 piasters to the dollar, instead of the official price, which is 50 piasters to the dollar; in addition, the joint account of growers and the government will be eliminated and a special account will be opened for each grower.

The second phenomenon is the statement by the minister of finance, Badr-al-Din Sulayman, that the government is determined to seek the aid of foreign experts in running strategic industries such as sugar and textiles, which the Sudan has expanded with the goal of achieving self-sufficiency, then exporting.

The Subject of Debts

Discussion of economic reforms in the Sudan can only be complete after a treatment of the subject of foreign debts, which official figures state came to about \$2,114,000,000 from independence in 1956 to December 1979, when the scheduling process started. There is a sum of \$897 million which the private sector owes.

The Paris Club, which contains the Sudan's Western creditor countries, managed to schedule \$395 million in late 1979, and an agreement for about \$430 million is waiting to be signed. Negotiations with the five main banks in charge of the scheduling negotiations will also resume soon. These are the Arab-African International Bank, the Chemical Bank, Citibank, Deutsche Bank and Eubanc. The British Morgan Grenville Bank will also help the government of the Sudan in the negotiations.

The International Monetary Fund seems content with the course of affairs. It offered a loan of \$200 million upon acceptance of its scheduling in 1978 and another one for \$487 million when the economic policies to alleviate foreign currency restrictions were declared 2 years ago. Negotiations are underway on another \$200 million.

This situation seems to have contributed to strengthening the confidence of the foreign private sector, as five foreign banks are to open branches in Khartoum--the Islamic Financing and Development Bank, the Pakistani Habib Bank, the Arab-African Bank, the Pakistan United Bank and the Kuwaiti African Bank.

The Monetary Fund's prescription for putting pressure on spending and removing government interference appears to have been successfully applied, but its inflationary effects and pressure on the economic conditions of the ordinary citizen do not escape the eye.

SOUTHERN LEADERS IN EXILE CONDEMN GOVERNMENT

London AL-DUSTUR in Arabic No 197, 31 Aug 81 p 29

/Article: "al-Numayri's Regime Is Planning Another Armed Conflict in the South"/

/Text/ In the last 3 months the local government and the regional council in the south have demanded that an oil refinery be built in this region, where there are some oil wells.

One benefit of establishing this project in the south would be to provide work for hundreds of unemployed persons and to provide an opportunity for training and qualifying educated young southerners to fill professional positions in the refinery, and in general help this region develop.

In spite of that, al-Numayri has resorted to unconstitutional powers, deciding that the refinery is to be in Kusti in the northern Sudan. In the southerners' view, this conduct of al-Numayri's reflects his desire to deprive them of the benefits of their own natural resources. al-Numayri has followed his decision with a concentrated air operation to transport troops to the south with the objective of terrorizing and enraging the people there. At the same time, many southern army officers have resigned and others have been transferred to northern areas. Land and air communications between the north and the south have been severed and the government has applied diplomatic pressure on neighboring african countries with the aim of isolating the south, inciting some southern traitors and bribing them to stir up tribal dissension and hatred in the area.

The authorities have also brought an Egyptian army into the north to quiet the forces opposed to al-Numayri there and replace the Sudanese army which has been transferred to the south.

These measures in themselves constitute a blatant violation of what is called the Addis Ababa Agreement and the law on self-government of the regions, which stipulate that the southerners are to constitute a reasonable numerical percentage of the armed forces, in keeping with their population. Here we must add that in the last 10 years the ratio of conscription of people from the south in the domestic army has declined almost to nothing.

One might ask why al-Numayri's regime has decided to apply this policy at the present time. The answer is that there are many reasons but the main ones are as follows:

First, al-Numayri's regime wants to suppress all political resistance in the south to the maldistribution of oil resources and other natural resources recently discovered.

Second, al-Numayri knows that most southern Sudanese are now certain that the Addis Ababa Agreement was only a delusion. Their belief is confirmed by the policy of a total freeze in the economic, social and cultural areas which the south has been suffering from since the signing of the agreement 10 years ago. On top of that, most of the main sections in the agreement, such as the holding of a general referendum in the al-Abyad district, have not been carried out.

Third, the transformation of the increasing hatred in the north of the regime into a form of solidarity by reviving feelings of enmity toward the south.

Fourth, al-Numayri's regime is aimed at supporting and strengthening the embarrassing position of some stooges which it has in the regional government.

If the intention is to gain northern support for the regime, which seems most likely, al-Numayri is mistaken. The fact is that enmity toward the regime has reached the point of no return. Completely the opposite--most of the people in the north are striving for support from the south against this regime, which has been showing no mercy in oppressing them and depriving them of all forms of human dignity over the past 13 years.

We have learned that al-Numayri has proposed an agreement calling for the execution of economic development plans in the south that he promised and put on the shelf in 1975, in exchange for agreement to the construction of the refinery in Kusti, and in addition he has proposed that 1 million pounds sterling be spent on the immediate development of the oil areas in the south.

These political maneuvers reveal that the Khartoum government has in the past frozen the execution of these projects for devious reasons and is now adopting them as a means for haggling over the refinery. It is necessary for us to point out here that the refinery is much too important to be exchanged for these projects, although construction of it will continue to be unlikely. As regards the promise to spend 1 million pounds sterling on oil areas, the fact that must occur to one's mind is that the ownership of the oil lies entirely with the south and that in the event there is solidarity between the north and the south, ownership of it lies with the whole Sudan.

In this stage we, the leaders of the southern Sudan in exile, would like to stress that al-Numayri's regime bears the responsibility for reviving the civil war in the south.

11887
CSO: 4504/5

SUDAN

FRENCH SOCIALISTS REVIEW PROBLEMS IN NATION

London AL-DUSTUR in Arabic No 197, 31 Aug 81 p 30

/Article: "French Document on Africa: The Sudan Will Be Facing Severe Disturbances"/

/Text/ The internal document which the French Socialist Party set out, which AL-DUSTUR has obtained, is directed basically at the French government, sets forth a political strategy regarding African problems, and determines the French position on occurrences in the regions that have been swept by disturbances and instability in Africa. The document reviews the policy of the previous French government, which President Giscard D'Estaing had supervised in Africa, stressing that this policy, which had depended on stirring up crises in order to consolidate French interests, resulted in the concentration of Soviet influence in Africa and in significant losses as far as French interests went.

The document states that solving the big problems in the African continent will be extremely difficult and that in any event as long as economic development and political reform programs are not carried out, local disturbances and the lack of security in some African countries--a reference to what is going on in Uganda, the Sudan and Chad--"will constitute a direct threat to all African countries; therefore, France must work as hard as possible to contribute to security and peace on the African continent."

The document refers to the French military presence and military bases and the fact that they are different from defense agreements. It stresses that that presence on most occasions caused domestic disturbances in the African countries. One can conclude, from the contents of the document:

"One must seek military bases separate from other bilateral agreements."

The discussions the French military delegation held in the Sudan at the beginning of this year, during which al-Numayri requested a French military presence in the Sudan, are part of the past and will not lead to any results in the future, especially since the France of Mitterrand replied to al-Numayri when he repeated his request that the Sudan obtain French military equipment by saying that the matter would have to entail not just financial guarantees but also internal economic guarantees--something the al-Numayri regime cannot meet at the present time.

France is not expected, at least in the short term, to give any military "aid" to the Sudan; therefore, al-Numayri has had no option but to seek mediation with al-Sadat to obtain American military equipment!

The document adds:

"The situation in the northeast of the African continent is very grave. We warn that the Eritrean issue will continue to be unresolved. The French Socialist Party, which recognizes the ethnic nature of the Eritrean issue and the Eritrean people's right to self-determination, has enduring relations of friendship with the Eritrean Liberation Front and supports its demand for a popular referendum on the right to self-determination. On the other hand, it sustains a dialogue with the Ethiopian government. No matter what the violence of the problems and disturbances the region of the African horn is going through might be, the solution must entail the establishment of an organization of countries that have common borders and make up the horn of Africa, especially Ethiopia, Somalia, Eritrea and Djibouti."

In conclusion, the document stresses:

"The French Socialist Party believes that the issue of security and peace in Africa is one for the Africans themselves, especially in confronting international pressures and famine, and therefore that France must play the role of preferring a dialogue among the conflicting parties in the African continent."

It remains for us to point out that this 35-page document has attempted to give French diplomacy a "new viewpoint" in the African continent but has not departed from the general principles and premises that are based on domestic French conditions. It has neglected to go into details on al-Numayri's policies, for example, not just with respect to the area of the horn of Africa and the continent of Africa but also with respect to his alliance with al-Sadat, which has been exposed, and the effect of that alliance on the Arab situation. It appears that the document's failure to address itself to this alliance, which also threatens security and peace in Africa, was not the result of premeditation so much as of a choice in setting out African problems from a general point of view and giving preference to emphasis on matters regarding French interests and French-speaking countries in the first place.

11887
CSO: 4504/5

SUDAN

BRIEFS

STATE OF SUDAN: NEWS IN BRIEFS--Khartoum, 19 Oct (SUNA)--President Ja'far Numeiri has directed the chairman of the administrative inspection organ 'Abd al-Qadir to assume immediately in practicing his duties and jurisdictions to eliminate negative practices in civil servants. 'Abd al-Qadir briefed the president on the progress of formation of the inspection body when he called on him today. The president directed the chairman of the inspection body to draw out workable and scientific solutions to the defaults in the civil service, like recklessness, corruption and bribery, in the context of the government's new efforts to alleviate burden and guarantee stable and peaceful life to the people. [text] [IN191812 Khartoum SUNA in English 1652 GMT 19 Oct 81]

YESTERDAY THE BRAVE masses of our glorious Arab nation; O masses of Arab people in Sudan: yesterday, the sons of Egypt of Arabism carried out the antype of the nation and history against traitor al-Sadat, thus erasing the mark of disgrace that has humiliated our Arab nation. The valiant youth who carried out the daring anti Fedayeen operation yesterday expressed the conscience of every citizen loyal to the Arab nation, its fate and cultural march from the ocean to the Gulf. Their brave bullets, which ripped apart the body of the traitor, are infused with the determination and persistence of the Arab nation's past and present and future generations to purge this pure land from the filth of treachery and treacherous and criminal acts of the past and that of its future and their traitors and the enemy's schools. The same brave bullets which reverberated in Libya yesterday, will reverberate with the same strength against the traitor and his traitorous regime, which was supported al-Sadat and his treason and policies of monarchic, racialist and imperialist-zionist alliance. O masses of our Arab people in Libya, dear brothers; on behalf of our Arab people in Sudan, we tell you that our Arab and Islamic Arab struggle pins great hope on you at these crucial moments of our Arab nation's history. The masses of our people in Sudan were throughout history equipped with all potentials the Egyptian people and their traitors and allies. [excerpts] [3081714 Baghdad Voice of Egypt in Arabic in Arabic transcript 81]

UGTT-PSD TO PARTICIPATE IN ELECTORAL FRONT

London 8 DAYS in English No 40, 10 Oct 81 p 21

[Text]

AFTER WEEKS of animated debate at all levels, the administrative commission of the 280,000-strong Tunisian Trade Union Movement, Union Generale des Travailleurs Tunisiens (UGTT), has decided by a majority of 53 per cent to participate in an electoral front with the ruling Parti Socialiste Désocratique (PSD) in November's legislative elections.

During the two days of intense discussions which preceded the UGTT administrative commission's vote in mid-September, three distinct trends emerged within the higher echelons of UGTT's leadership. A majority of 45 members, out of a total of 84, approved the suggestion of an electoral front with the PSD. This group which stressed its adherence to the ideology of the Destourian movement in the person of President Habib Bourguiba, included eight members of the UGTT executive bureau and was led by Abdenniz Baccouche and Khereddine Salhi.

A second group of 26 administrative commission members opted for non-participation of the trade union movement in the elections, because in their opinion this was the best way of guaranteeing the UGTT's freedom of action in coming months. This group was an alliance of supporters of former UGTT secretary general Habib Achour and members of the extreme left. The latter gain much of their support from the traditionally active UGTT sections in the southern Gafsa-Gafsa phosphate mining region.

Finally, ten administrative commission members wanted UGTT members to have complete freedom of choice in the matter. The November ballot will be the first in over two decades in which parties other than the PSD will be competing. By seeking to avoid UGTT affiliation to any one party, this particular group hoped for a return to multiparty democracy. The group was spearheaded by the newly elected UGTT secretary-general Taieb Baccouche, and included Hocine Ben Gaddour and Neji Chaari.

'Those who decided to vote for an electoral front with the PSD are fully conscious of the necessity of preserving our autonomy vis à vis the ruling party', Baccouche told *8 Days in Tunis*. 'If the conditions set forth by the UGTT administrative committee are not fully respected, then we simply will not participate in the elections,' he added.

The PSD for its part has proposed the establishment of a national front, including the UGTT and other popular organisations, which would run in the legislative elections. Most UGTT members are opposed to a partnership which in their eyes would link the union to a government programme during the five-year term of the newly elected national assembly. In this respect, the UGTT's means of defending the interests of the Tunisian working class would be severely damaged.

Negotiations to hammer out a compromise between the UGTT-proposed electoral front and the PSD suggestion of a national

front are likely to be extremely arduous, all the more so as President Habib Bourguiba reportedly pushed for the concept of a national front as opposed to the popular front suggested by some of his advisors.

Another UGTT prerequisite for participating with the PSD is the right for its designated candidates to place the union acronym UGTT alongside their names. This is liable to stir up considerable controversy because other organisations participating in the PSD sponsored front, like the women's movement and the employers' association, UTICA, have not demanded this condition. President Bourguiba is likely to oppose this concession.

Beyond these two sticking points, the decision by the UGTT administrative commission to propose an electoral front constitutes a severe setback for secretary-general Baccouche, who believes in maintaining the greatest degree of independence and autonomy for the UGTT. His position could be even further undermined if the talks on the UGTT conditions for electoral participation fail to produce an acceptable compromise and the union leadership nevertheless agrees to an alliance with the PSD.

Some observers feel that by voting for UGTT participation in an electoral front certain elements in the union's administrative commission, in alliance with some PSD hardliners, are trying to discredit Baccouche and his notions of union autonomy. Any sign of the UGTT moving into the PSD orbit would alienate not only union activists but also rank-and-file members and the country's youth.

CSO: 4500/19

U.S. EFFORTS TO INCREASE SHARE OF TUNISIAN MARKET DESCRIBED

London 8 DAYS in English No 40, 10 Oct 81 p 41

[Article by Howard Schissell]

[Text]

A CONCERTED effort by American business over the past two years to carve out a larger share of the relatively small but growing Tunisian market (\$3.4bn in 1980), has not met with the hoped-for success.

Faced with intense competition from entrenched trading partners like France and Italy, as well as the tireless efforts of the Japanese and the West Germans to consolidate their positions, American companies sought US government help, claiming that they could not beat the financial terms offered by the other industrialised nations to potential Tunisian clients.

Therefore, in October 1979 the Export-Import Bank granted a special one-year \$100m line of credit providing concessional financing for major public and private sector projects in Tunisia. This was designed to put American bidders on a par with their principal competitors. The French complained, however, that it accorded American exporters an excessive advantage.

Even so, the special line of credit has been extended for an extra year until the end of October 1982, to stimulate American exports to Tunisia. So far, the American credit facility has been tapped only timidly, with some \$80m still unused.

Last year, only six per cent of Tunisian imports came from the US, compared with 26 per cent from France, 16 per cent from Italy, and 10 percent from West Germany. Although US exports to Tunisia grew during the first four months of 1981 to \$80.5m — against \$59.4m during the same period the previous year — Japan could edge out the US as Tunisia's fourth largest source of imports in 1981.

One drawback for American companies is the extremely limited nature of the products offered for the Tunisian market. Cereals make up about half of US sales, with agricultural equipment, aircraft, oil and gas equipment and clothing making up most of the rest. Around 98 per cent of Tunisian sales to the US is composed of crude oil.

Taxation is an obstacle to US enterprise. In both corporate and personal taxes, American companies bear burdens not shared by other countries. American firms continue to pay much higher profit taxes than do concerns from states having treaties for the avoidance of double taxation. American firms, therefore, increase the cost of their bids to cover this burden and risk becoming uncompetitive. Negotiations to conclude a tax treaty with Tunisia are at an advanced stage, so this difficulty may soon be eased.

Compensation payments made by US companies to their employees to cover Tunisian tax are themselves considered taxable income. Tunisia has agreed that this extra financial burden on American companies should be lightened but no action has yet been taken.

This may be one of the reasons why direct American investment in Tunisia is so limited, especially when compared with French and Italian equity holdings. Since the Tunisian government last year bought out Firestone's share in a tyre plant, Standard Brands is the only US firm to have equity holdings in Tunisia. A local affiliate operating under the country's offshore

manufacturing raw packages puddings and cake mixes for re-export to the Middle East.

The only other direct US investment is composed of branch offices of companies doing business in both Algeria and Libya. In this category are computer firms like IBM, Burroughs and National Cash Register. In recent years, French firms have made substantial inroads into the Tunisian and regional markets for computers, putting an end to the previous de facto American monopoly in this field.

America stopped being the sole supplier of aircraft to the state airline, Tunis Air, in 1979 when it decided to acquire the European Airbus A300 instead of the new generation of Boeing fuel-efficient jet airliners.

Bank of America and Citibank opened up Offshore Banking Units (OBUs) in Tunis, when the sector was created some years ago, but both have been disappointed by the limited amount of business they have been able to drum up and by restrictions imposed by the Banque Centrale de Tunisie (BCT). Bank of America, in fact, decided to turn its OBU branch in the Tunisian capital into a simple representative office. *8 Days* was told.

One of the shortcomings of American firms doing business in Tunisia is their lack of a coherent long-term strategy. For example, in 1980 three American concerns made the shortlist for a small consultancy contract to expand the El Fouladh integrated steel mill at Menzel Bourguiba, but failed because of their high prices. According to Tunisian officials, the bids submitted by US Steel, H. K. Ferguson and Brown and Root were nearly double those submitted by European competitors.

Although the contract, won by the French company, Société Française d'Études Siderurgiques (Sotresid), was only for \$3.6m, the French will have a head start when the Tunisians give the go ahead to a further \$100m expansion programme for the steelworks.

In spite of special efforts made by the Tunisian government to encourage American companies, few have made an effective attempt to penetrate the local market. *8 Days* was told that the deadline for bids for Tunisia's sixth cement plant had been extended and American firms who expressed an interest — Allis Chalmers, Morrison-Knudsen and Fuller — were allowed to bid in English instead of French. None finally submitted a bid.

Where the Americans are likely to make most progress in Tunisia in the present decade is in oil and gas exploration and development. Recently Houston Oil and Minerals, an affiliate of Tenneco, announced a big offshore oil discovery in the Gulf of Hammamet, and Amoco has discovered oil and gas in the Chott Djerid zone near the frontier with Algeria.

If these discoveries prove to be as important as initial findings indicate, then a series of joint Tunisian-American oil companies are likely to be established to exploit the new fields.

The growth of Tunisia's small refining industry is another sector where American concerns reckon that they have a role to play and can offer a competitive package. Tunisia proposes a \$350m extension programme for the Bizerte refinery, whose capacity is to be upgraded from the present 1.5m tonnes a year to 6m tonnes by 1985-86. *8 Days* has learned that several American companies are interested in the project, including McGee, Bechtel and Flour. Nonetheless, competition will be fierce: French, Italian and Japanese firms are also in the running.

Another project likely to attract American interest is the proposed \$1bn Arab-financed export refinery on the Mediterranean coast at Cap Sirrat. This is to have a capacity of 10m tonnes. Already the Stanford Research Institute has won a subcontract for the feasibility study from Beicep, a subsidiary of the French Petroleum Institute.

TUNISIA

BRIEFS

TURKEY SIGNS TOURISM AGREEMENT--Turkey and Tunisia have signed a tourism cooperation agreement to cover training, investment, hotel management and holiday visits. The Turkish minister of commerce, Kemal Canturk, added that the two countries will establish a joint marketing firm, and Turkey is also to build factories in Tunisia for the manufacture of cotton yarns and refrigerator compressors. The possibility of building a fertiliser plant in Iskenderun with Kuwaiti participation is also being examined. [Text] [London 8 DAYS in English No 40, 17 Oct 81 p 41]

CSO: 4220/19

UNITED ARAB EMIRATES

PAPERS ON ARAB-EGYPTIAN RELATIONS

GF121255 Abu Dhabi Emirates News Agency in Arabic 0700 GMT 12 Oct 81

[Text] Abu Dhabi, 12 Oct (ENA)--In their editorials today two local papers call for an Arab initiative that would change the face of history and return Egypt to Arab ranks in order to lead the Arab nation's defense battle. The two papers warn against U.S. and Israeli plans to strip Egypt of its affiliation with the Arab nation.

In its editorial entitled "Don't Leave Egypt Alone," AL-WAHDAH says Egypt is waiting for the Arabs. Even if it does not appear to them to be yearning, there is an inherent feeling in it of anxiousness to regain its status among them and have its soil shaded by their flags instead of the flags of the invaders.

The paper stresses that Egypt needs the Arabs more than ever before. It warns that leaving Egypt "undressed," particularly in these circumstances, will intensify its alienation and dedicate its rulers' commitments to what the United States and Zionism are planning for it. They want Egypt to shrink and plan to embroil it in conflicts with its fraternal neighbors in order to serve the interests of the Arab nation's enemies.

AL-FAJR believes that, despite the statements and expectations made in the arena following al-Sadat's death, the situation is still not clear. It is not possible to predict what will happen during the next few months. In similar circumstances policies and expectations have proved completely mistaken.

The paper demands that the new Egyptian administration be given room to breathe so it can assume its responsibilities and recognize the land on which it stands.

The paper stresses that the conflict between the Arab nation and Israel over the restoration of Arab solidarity and the achievement of Arab unity is a bitter conflict that requires strong will and determination. The paper adds that Israel knows this fact well. Thus we see all its officials stressing the necessity of continuing the peace process with Egypt. What Israel fears most is rapprochement between the new Egyptian regime and the Arab states.

The paper concludes its editorial by hoping that Egypt will return to the Arab nation and emphasizing that the Egyptian people themselves are eagerly awaiting the moment of this rapprochement.

CSO: 4404/51

UNITED ARAB EMIRATES

BRIEFS

PAPER REJECTS SUPERPOWER INTERVENTION--Abu Dhabi, 11 Oct (ENA)--The newspaper AL-BAYAN warns against superpower moves to "fish in troubled waters" and against exploiting any internal development in any Arab country to achieve political gains at the expense of Arab independence and freedom. The newspaper expresses surprise over the fact that, despite frank public stands by Arab leaders rejecting any foreign intervention in the internal affairs of the region, its fate and destiny, "the old Western tune on the rapid deployment force has reappeared." The paper says the Western media have used two justifications for all military moves in the region. The first is the assassination of Egyptian President Anwar al-Sadat. The second one was revealed in the statement which U.S. Vice President George Bush made claiming that a small country like Libya is posing a threat not only to Egypt and Israel but also to one of the two superpowers, the United States. Concluding its commentary, AL-BAYAN asserts that, whatever the justifications Western officials use to cover the increased military presence, the Arab nation will not allow anyone to undermine its independence or expose it to danger.
[Text] [GF111614 Abu Dhabi Emirates News Agency in Arabic 1356 GMT 11 Oct 81]

AUSTRIA'S KREISKY TO VISIT--Abu Dhabi, 11 Oct (ENA)--Austria's Chancellor Bruno Kreisky will begin a 3-day visit to the UAE 8 December. Contacts between the UAE and the Austrian foreign ministries resulted in setting the time for the visit. The Austrian chancellor was to have visited the UAE in September. He was indisposed and thus the visit was postponed. [Text] [GF111554 Abu Dhabi Emirates News Agency in Arabic 1332 GMT 11 Oct 81]

MINERALS SURVEY CONTRACT AWARDED--UAE Minister of Petroleum and Mineral Resources Dr Mana Saeed al-Otaiba, last week signed a contract with a British company to carry out the third phase of a survey of minerals in the country. The company, Hunting Geophysical and Geology, conducted the first two stages of the survey which resulted in the discovery of large quantities of copper, chromite and other minerals in the northern Emirates. The third stage will concentrate on assessing the quality and quantity of the discoveries together with the feasibility of commercial exploitation. Dr Otaiba said that the government was determined to gauge the extent of natural resources in the UAE as these could provide alternative sources of income to oil. They could also provide the raw materials necessary to develop an industrial base in the country. According to the minister, rock wool discovered in abundance in the Emirate of Fujairah will be manufactured and produced to international specifications by the beginning of next year. Hundreds of millions of tons of the substance will be used in the petroleum industry as an insulator against heat and humidity. Dr Otaiba said that rock wool, which is also flame-proof, could replace fibreglass in construction and interior decoration. The third stage of the project will be completed in 14 months at a cost of about Dirhams 6.25 million (\$1.7 million). [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 41, 12 Oct 81 p 4]

STEPS TO REGULATE FOREIGN MANPOWER--The UAE Ministry of Labour and Social Affairs is currently studying the allocation of collective visas to recruit Arab labourers in order to maintain a balance between local and foreign manpower in the country. Labour and Social Affairs Minister Saif al-Jarwan said last week that he had signed a number of agreements to this end with Tunisia, Morocco and Sudan. A Tunisian attache has already arrived in the UAE to coordinate the flow of Tunisian labourers, and attaches from other countries are expected to follow. The UAE may appoint its own labour attaches in various countries to organise the recruitment of Arab labourers. Mr Jarwan added that his ministry had completed changes in its structure necessitated by a recent expansion of its activities. This expansion included the introduction of rehabilitation centres for old and handicapped people. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 41, 12 Oct 81 p 4]

NEW CONTAINER REPAIR COMPANY--The Middle East Container Repair Company (MECRC), set up by a syndicate of Dubai businessmen, is now in operation and hopes to win repair and modification orders for containers. Previously these had either to be sent to Europe for repair or were written off by their owners in the Gulf. The company has a repair and fabrication yard near Port Rashid. According to the manager of the company, John Bedingfeld, the scope for container repair work is indicated by the phenomenal increase in container traffic in the Gulf over the past few years. More and more cargo is now coming in containers which are equally vital to Dubai's re-export trade. [Text] [London 8 DAYS in English No 40, 10 Oct 81 p 42]

SELECTED FOREIGN BANKS TO BE ADMITTED--The UAE is to allow a number of well-known foreign banks to open representative offices in the country, the Dubai-based Khaleej Times reported last week. Several foreign banks have applied to UAE's Central Bank for licenses to open offices in the Emirates. Bank sources said that licences would be granted by the Central Bank without going against its policy of protecting local banks from foreign competition. The main criterion for a licence will be the volume of bilateral trade between the UAE and the bank's headquarters. Priority will go to banks with a high volume of trade with the UAE which do not already have representatives there. Japan's Bank of Tokyo has already received clearance to open an office in Abu Dhabi early next year. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 41, 12 Oct 81 pp 10-11]

OIL EXPLORATION DEAL SIGNED--Abu Dhabi last week signed an oil concession agreement with Attock, a British oil exploration company. The 35-year concession covers an offshore area of 1,561 square kilometres. The contract stipulates that Attock will pay \$3 million as a signing fee, spend \$50 million during the first eight years and pay \$2 million when and if oil is discovered in commercial quantities. According to UAE Petroleum and Mineral Resources Minister Dr Mana Saeed al-Otaiba, the agreement completes a series of concessions awarded by Abu Dhabi to various companies in the last two years to search for oil and gas in onshore and offshore areas. In May this year, an agreement was signed with a West German exploration company, Deminex, the first concession awarded to a West German company. Under the agreement with Attock, the Abu Dhabi government retains the right to participate with 60 percent of the capital when it sees fit. The company is also to prospect for drinking water during the same period. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 21, 12 Oct 81 p 9]

YEMEN ARAB REPUBLIC

BRIEFS

DELEGATION TO SOMALIA--San'a', 20 Oct (INA)--A YAR delegation headed by Deputy Prime Minister Dr Hasan Makki left San'a' today for Mogadishu on an official visit lasting several days. During this visit, Dr Makki and the accompanying delegation will attend Somalia's National Day celebrations and hold talks with Somali officials on developing bilateral ties between the two countries. [Text] [JN201253 Baghdad INA in Arabic 1120 GMT 20 Oct 81] Deputy Prime Minister for Economic Affairs Dr Hasan Makki returned to San'a' today from Mogadishu after participating, together with the delegation accompanying him, with the fraternal Somali people in the celebrations marking the 12th anniversary of the October revolution. Dr Makki met with President Siad Barre to whom he conveyed the greetings of the brother leader and of the Yemeni people on the occasion of the Somali revolution. Dr Makki last night met with First Vice President Mohamed Ali Samantar and conveyed the greetings of our people and government on this occasion. [Excerpt] [JN221414 San'a' Domestic Service in Arabic 1200 GMT 22 Oct 81]

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